

Leisure and Sports

ESG Evaluation Key Sustainability Factors

Submit Your Feedback
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S&P Global
Ratings

Approach

Our key sustainability factors identify the most material environmental and social risks assessed in our ESG Evaluation. We assess the materiality¹ of those risks across the industry’s value chain and reflect them in the weighting of our environmental and social factors. We also provide the quantitative indicators² used to assess a company’s performance relative to its industry peers on each of those factors. For further information, please refer to our [“Environmental, Social, And Governance Evaluation: Analytical Approach.”](#)

Scope

The leisure and sports sector covers a wide variety of companies in the hotel and resorts, casinos and gaming, cruise lines, leisure facilities, and leisure equipment and products industries. Leisure facilities companies operate entertainment, travel, and recreation facilities and services including theme parks and other visitor attractions, ski resorts, sports stadiums, and fitness clubs. Leisure equipment and products companies manufacture toys and games, sporting and athletic goods, such as bicycles, golf clubs, fitness equipment, and other leisure goods.



Material Environmental Risks



Leisure and sports companies are exposed to material environmental risks across their value chain:

- **Waste management:** The leisure sector produces a significant amount of solid waste that can disrupt local ecosystems and biodiversity if improperly managed. New or stricter waste regulation, specifically surrounding plastic, is a key risk. Minimizing food waste and diverting it from landfills is another important consideration.
- **GHG emissions:** Indirect GHG emissions stemming from the purchase of electricity (scope 2) are highly material for many leisure companies. The expansive footprints require a significant amount of energy resources to operate (often for 24 hours a day). Emissions regulations are a long-term environmental risk for most leisure companies.
- **Water consumption:** Leisure companies utilize large quantities of water in their operations for kitchens, laundry, toilets, showers, swimming pools, cooling, and garden irrigation and various leisure activities such as golf courses, saunas, and spas. Tourism is another major contributor to freshwater use, which increases water depletion risks, particularly in water-stressed areas.
- **Environmental impact in the supply chain:** Leisure companies, particularly those with foodservice operations, are exposed to GHG emissions, air and water pollution, and water consumption in the agricultural, meatpacking, and forestry supply chains. Scope 3 emissions associated with outsourced laundry operations, production of goods offered to customers (e.g. prizes in amusement parks, gift shop items, etc.), and travel (guests’ and employees’ travel to and from the site and employees’ business travel), along with the construction of new facilities are also material.

Environmental Factors: Weighting And KPIs





The weighting of our environmental factors varies by subsector. We also use different quantitative performance indicators to inform our opinion of an entity’s management of its environmental impact relative to peers in the same subsector. Our opinion under our ESG Evaluation is also informed by an entity’s qualitative indicators such as its climate-related policy and commitments and circular economy practices.

| Factor | Hotels and resorts | Casinos and gaming | Leisure facilities | Cruise lines | Leisure equipment and products |
|--|--------------------|--------------------|--------------------|--------------|--------------------------------|
|  Greenhouse gas emissions | 25% | 40% | 25% | 30% | 20% |
|  Waste and pollution | 25% | 25% | 25% | 30% | 40% |

| Factor | Hotels and resorts | Casinos and gaming | Leisure facilities | Cruise lines | Leisure equipment and products |
|--|--------------------|--------------------|--------------------|--------------|--------------------------------|
|  Water | 25% | 10% | 25% | 20% | 20% |
|  Land use and biodiversity | 25% | 25% | 25% | 20% | 20% |

Hotels and resorts





The subsector is exposed to considerable environmental risks, leading us to establish an even hierarchy for the environmental factors. Full-service hotels and resorts consume large amounts of energy to maintain operations 24 hours a day. Energy is consumed for lighting, cooling, heating, refrigeration, laundry, shuttle cars and buses, and lawn mowers. Hotels and resorts also generate large amounts of solid waste including plastic --from toiletries, water bottles, individually packaged foods, and other single use items-- and food waste. Hotels and resorts also utilize large quantities of water in their operations for kitchens, laundry, toilets, showers, swimming pools, cooling, and garden irrigation and various leisure activities such as golf courses, saunas, and spas. Land use and biodiversity exposure associated with construction of facilities and tourism can be large, especially because of asset location and size and associated infrastructure (such as roads, marinas, parking lots, etc.). Island resort facilities in fragile ecosystems and coastal zones are acutely exposed to land use and biodiversity risks. Finally, the industry is exposed to other indirect environmental impacts in the agricultural and manufacturing supply chains, outsourced activities, and the transport of food and other products, sometimes over long distances to smaller islands and harder to reach locations. Supply chain management has become a salient focus for the industry and supply chain consolidation has increased partially to mitigate environmental risks.

| Factor | Weight | Key performance indicators | Other performance indicators |
|--|--------|--|--|
|  Greenhouse gas emissions | 25% | <ul style="list-style-type: none"> Scope 1 emissions intensity (tonnes of carbon dioxide equivalent [tCo2e], by revenue) Scope 2 emissions intensity (tCo2e, by revenue) Energy intensity | <ul style="list-style-type: none"> Renewable energy (% total energy used) Source and amount of material scope 3 emissions (metric tons of carbon dioxide equivalent [tCo2e] by category) |
|  Waste and pollution | 25% | <ul style="list-style-type: none"> Waste generation (tonnes [t] of waste by revenues) Waste diverted from landfill and recycled (% total waste) | <ul style="list-style-type: none"> Amount of food waste generated |
|  Water | 25% | <ul style="list-style-type: none"> Water use intensity (cubic meters [m3] by revenue) % of operations in water-stressed areas | <ul style="list-style-type: none"> % of water that is recycled Sustainable sourcing of main water-intensive raw materials (third-party certification) |
|  Land use and biodiversity | 25% | <ul style="list-style-type: none"> % of assets in areas with a protection or conservation status % of assets from areas with threatened, vulnerable, endangered, and critically endangered species | <ul style="list-style-type: none"> % of animal products sourced with a certification Proportion of suppliers assessed and audited on their biodiversity performance |

Casinos and gaming





The higher weighting on GHG emissions reflects the large amount of energy consumed to power gaming machines as well as for lighting, heating, and cooling of casino facilities that are often open for 24 hours a day. We apply an equal weighting to waste and pollution and land use and biodiversity as casinos produce a significant amount of solid waste and often require large plots of land to operate. Online casinos have grown in recent years as an alternative to in-person gaming; as online casinos don't require physical space, they limit waste, water, and land use impacts, as

well as indirect GHG emissions and air pollution from travel. However, GHG emissions to power computer servers and other digital infrastructure remain an important consideration.

| Factor | Weight | Key performance indicators | Other performance indicators |
|---|--------|--|--|
|  Greenhouse gas emissions | 40% | <ul style="list-style-type: none"> – Scope 1 emissions intensity (tonnes of carbon dioxide equivalent [tCo2e], by revenue) – Scope 2 emissions intensity (tCo2e, by revenue) – Energy intensity | <ul style="list-style-type: none"> – Renewable energy (% total energy used) – Source and amount of material scope 3 emissions (metric tons of carbon dioxide equivalent [tCo2e] by category) |
|  Waste and pollution | 25% | <ul style="list-style-type: none"> – Waste generation (tonnes [t] of waste by revenues) – Waste diverted from landfill and recycled (% total waste) | <ul style="list-style-type: none"> – Amount of food waste generated |
|  Water | 10% | <ul style="list-style-type: none"> – Water use intensity (cubic meters [m3] by revenue) – % of operations in water-stressed areas | <ul style="list-style-type: none"> – % of water that is recycled – Sustainable sourcing of main water-intensive raw materials (third-party certification) |
|  Land use and biodiversity | 25% | <ul style="list-style-type: none"> – % of assets in areas with a protection or conservation status – % of assets from areas with threatened, vulnerable, endangered, and critically endangered species | <ul style="list-style-type: none"> – % of animal products sourced with a certification – Proportion of suppliers assessed and audited on their biodiversity performance |

Leisure facilities





The subsector is exposed to considerable environmental risks, leading us to establish an even hierarchy for the environmental factors. Leisure facilities’ indoor and outdoor operations are energy intensive, as substantial energy consumption is needed for lighting, cooling, and heating, among other activities, translating into sizeable GHG emissions. Leisure facilities, particularly those that attract large crowds of people, produce a significant amount of solid waste including plastic, food, and paper, and also consume large quantities of water for toilets, showers, water attractions, and drinking water. The construction of leisure facilities could also disrupt land and biodiversity as leisure facilities usually require large plots of land to operate.

| Factor | Weight | Key performance indicators | Other performance indicators |
|---|--------|--|--|
|  Greenhouse gas emissions | 25% | <ul style="list-style-type: none"> – Scope 1 emissions intensity (tonnes of carbon dioxide equivalent [tCo2e], by revenue) – Scope 2 emissions intensity (tCo2e, by revenue) – Energy intensity | <ul style="list-style-type: none"> – Renewable energy (% total energy used) – Source and amount of material scope 3 emissions (metric tons of carbon dioxide equivalent [tCo2e] by category) |
|  Waste and pollution | 25% | <ul style="list-style-type: none"> – Waste generation (tonnes [t] of waste by revenues) – Waste diverted from landfill and recycled (% total waste) | <ul style="list-style-type: none"> – Amount of food waste generated |
|  Water | 25% | <ul style="list-style-type: none"> – Water use intensity (cubic meters [m3] by revenue) – % of operations in water-stressed areas | <ul style="list-style-type: none"> – % of water that is recycled – Sustainable sourcing of main water-intensive raw materials (third-party certification) |
|  Land use and biodiversity | 25% | <ul style="list-style-type: none"> – % of assets in areas with a protection or conservation status – % of assets from areas with threatened, vulnerable, endangered, and critically endangered species | <ul style="list-style-type: none"> – % of animal products sourced with a certification – Proportion of suppliers assessed and audited on their biodiversity performance |

Cruise lines





In our view, cruise lines are more exposed to environmental factors than other leisure subsectors. The relatively higher weightings on both GHG emissions and waste and pollution reflect ships’ reliance on heavy bunker fuel—a relatively “dirty” fuel source—which results in significant GHG emissions and air pollution including SOx, NOx, and particulate matter. Cruise operators are subject to increasingly complex environmental regulations to develop more fuel-efficient or

environmentally friendly ships or to add technology to reduce the sulfur content of emissions. Careful management of ship discharge including sewage, wastewater, and solid waste is also highly important as is end-of-life ship management, including disposal of steel and other raw materials as ships age and retire. Although land use and biodiversity and water have relatively lower weightings, we believe the impacts of these factors are still significant. Toilets, showers, cleaning, and drinking consume large quantities of water onboard, while waste and pollution discharge into marine environments can disrupt local ecosystems and introduce invasive species.

| Factor | Weight | Key performance indicators | Other performance indicators |
|---|--------|---|--|
|  Greenhouse gas emissions | 30% | <ul style="list-style-type: none"> Scope 1 emissions intensity (tonnes of carbon dioxide equivalent [tCo2e], by revenue) Scope 2 emissions intensity (tCo2e, by revenue) Energy intensity | <ul style="list-style-type: none"> Renewable energy (% total energy used) Source and amount of material scope 3 emissions (metric tons of carbon dioxide equivalent [tCo2e] by category) |
|  Waste and pollution | 30% | <ul style="list-style-type: none"> Waste generation (tonnes [t] of waste by revenues) Waste diverted from landfill and recycled (% total waste) Nitrogen oxide (NOx), sulfur oxide (Sox) and particulate matter (PM) intensity (tonnes by revenue) | <ul style="list-style-type: none"> Amount of food waste generated Ship waste discharged to the environment (metric tonnes) |
|  Water | 20% | <ul style="list-style-type: none"> Water use intensity (cubic meters [m3] by revenue) % of operations in water-stressed areas | <ul style="list-style-type: none"> % of water that is recycled Sustainable sourcing of main water-intensive raw materials (third-party certification) |
|  Land use and biodiversity | 20% | <ul style="list-style-type: none"> Cruise duration in marine-protected areas and areas of protected conservation status (% of total cruise duration) | <ul style="list-style-type: none"> % of animal products sourced with a certification Proportion of suppliers assessed and audited on their biodiversity performance |

Leisure equipment and products

The higher weighting on waste and pollution primarily reflects our view that the regulatory risks associated with the management of end-of-life products and packaging, in particular plastic, are significant. We apply an equal weighting to the three other factors (water, land use and biodiversity, and GHG emissions) to reflect the other environmental impacts across the industry's value chain including in raw material sourcing, manufacturing, distribution, and delivery, which could result in significant water consumption, air and water pollution, and energy use.

| Factor | Weight | Key performance indicators | Other performance indicators |
|---|--------|--|--|
|  Greenhouse gas emissions | 20% | <ul style="list-style-type: none"> Scope 1 emissions intensity (tonnes of carbon dioxide equivalent [tCo2e], by revenue) Scope 2 emissions intensity (tCo2e, by revenue) Energy intensity | <ul style="list-style-type: none"> Renewable energy (% total energy used) Source and amount of material scope 3 emissions (metric tons of carbon dioxide equivalent [tCo2e] by category) |
|  Waste and pollution | 40% | <ul style="list-style-type: none"> Waste generation (tonnes [t] of waste by revenues) Waste diverted from landfill and recycled (% total waste) | <ul style="list-style-type: none"> % packaging (including plastic) and end-of-life materials that are recycled/reused/composted % of revenue from products with recycled inputs |
|  Water | 20% | <ul style="list-style-type: none"> Water use intensity (cubic meters [m3] by revenue) % of operations in water-stressed areas | <ul style="list-style-type: none"> % of water that is recycled Sustainable sourcing of main water-intensive raw materials (third-party certification) |
|  Land use and biodiversity | 20% | <ul style="list-style-type: none"> % of assets in areas with a protection or conservation status % of assets from areas with threatened, vulnerable, endangered, and critically endangered species | <ul style="list-style-type: none"> Proportion of suppliers assessed and audited on their biodiversity performance |



Material Social Risks

Leisure and sports companies are exposed to material social risks across their value chain:

- **Health and safety:** The sector is exposed to health and safety risks for employees, customers, and community members (such as human injuries and fatalities) that could cause severe reputational harm. Employee fatigue is a fundamental health and safety concern in the sector as long hours are often required, including late nights or overnight shifts. Although difficult to predict, events such as terrorism, geopolitical unrest, and health scares (such as pandemics) can significantly weigh on travel and leisure demand if proper safeguards to protect employees and customers against these risks are not in place.
- **Human capital management and talent attraction:** Employee turnover in the leisure sector is very high because of low pay, irregular scheduling, and lack of career mobility. As such, talent acquisition, management, and training are particularly important to upgrade employee skills and knowledge and maintain a high-quality customer-facing workforce. Across the industry, subcontracting seasonal labor is a common practice, which increases the supply chain exposure to modern slavery (including fraud, coercion, and labor exploitation). Managing relationships with labor unions is also a significant consideration for the sector and is often an important determinant of corporate reputation and profitability.
- **Cybersecurity and data privacy:** The growth of e-commerce and loyalty programs has given leisure companies troves of consumer data. An inability to manage cyber risks and provide safeguards against data theft could cause reputational damage that undermines customer loyalty.
- **Community relationship management:** Leisure activities could have harmful effects on local populations. For example, a rise in tourism may result in overcrowding, which could lead to displacement of local residents, poor sanitation, and increased pollution. Tourists may also fail to respect the values and culture of local communities leading to social unrest. That said, the leisure industry often serves a very important role in local communities as tourism creates employment and business opportunities in the area, contributing to the local economy, which gives asset owners leverage when discussing new asset development projects with community members and local representatives.





Social Factors: Weighting And KPIs

The weighting of our social factors varies by subsector. We use relatively similar indicators across the subsectors to inform our opinion of an entity's management of its social impacts relative to peers in the same subsector, although some may vary. Our opinion under our ESG Evaluation is also informed by qualitative indicators. Examples of qualitative indicators include the quality and effectiveness of an entity's policy on safety and on human rights risks in its supply chain.

| Factor | Hotels and resorts | Casinos and gaming | Leisure facilities | Cruise lines | Leisure equipment and products |
|---|--------------------|--------------------|--------------------|--------------|--------------------------------|
|  Workforce and diversity | 25% | 20% | 25% | 25% | 20% |
|  Safety management | 25% | 40% | 25% | 35% | 20% |
|  Customer engagement | 25% | 20% | 25% | 25% | 40% |
|  Communities | 25% | 20% | 25% | 15% | 20% |





Hotels and resorts

The subsector is exposed to considerable social risks, leading us to establish an even hierarchy for the social factors. As the subsector is a very large employer, we believe it is exposed to elevated workforce and diversity risks relating to employee health, safety, and satisfaction. Ensuring that policies protecting fundamental labor and human rights, safety, fair-treatment, and non-discrimination apply to all workers, including in the supply chain, is essential. In addition, high-profile safety incidents such as physical injuries or foodborne illnesses, may cause substantial reputational damage, while low-probability, high-impact events such as geopolitical unrest, terrorist attacks, and pandemics (as most recently witnessed with the COVID-19 pandemic) can cause significant safety concerns if appropriate crisis management measures are not in place. Furthermore, over the past several years, database breaches at multiple hotel companies exposed guests' sensitive personal, travel, and payment data. The onus of protection is growing, partly because the breaches cause negative attention. Finally, hotel and resort operations and the associated tourism may be intrusive to local communities, which amplifies the importance of community engagement.

| Factor | Weight | Key performance indicators | Other performance indicators |
|---|--------|---|---|
|  Workforce and diversity | 25% | <ul style="list-style-type: none"> - % of woman in total workforce, junior and senior management positions, and in revenue-generating functions - Voluntary/involuntary turnover rate (%) - Average amount spent per full-time-equivalent (FTE) employee on training and development - Gender pay gap | <ul style="list-style-type: none"> - % of employees covered by collective bargaining agreements - % of direct operations and suppliers assessed for human rights issues in the past three years and % where risks have been identified - % of ethnic minorities in total workforce and management positions - Benefits offered to workforce |
|  Safety management | 25% | <ul style="list-style-type: none"> - Fatalities (number per 10,000 FTEs) - Lost-Time Injury Frequency Rate (LTIFR) for employees and contractors - Serious injuries or illness per million customers (number) | <ul style="list-style-type: none"> - Occupational Illness Frequency Rate (OIFR) for employees and contractors - Amount of legal and regulatory fines and settlements associated with safety incidents |
|  Customer engagement | 25% | <ul style="list-style-type: none"> - % satisfied customers (out of total customers responding to company's survey) - Total number of information security breaches or other cybersecurity incidents and number of customers affected | <ul style="list-style-type: none"> - % of total customers using the company's online services solutions/sales platform, or % of revenues generated online |
|  Communities | 25% | <ul style="list-style-type: none"> - % of employees from local communities - Amount and type of philanthropic contributions (cash donations, community investments, commercial initiatives, employee volunteering) (%) | <ul style="list-style-type: none"> - Sustainable sourcing of main raw materials (third-party certification) - % of employees from local communities |




Casinos and gaming


In our view, the casinos and gaming subsector is more exposed to social factors than other leisure subsectors. The higher weight on safety management reflects the elevated safety risks for customers and employees including gambling addiction, harm to underage players, substance dependencies, and health impacts of secondhand smoke. Countries have enacted laws and regulations to counter these factors, in some cases significantly hindering companies' financial performance. Employee training on responsible gambling (including noticing and preventing customers from self-destructive behavior) and preventing underage gambling (which studies suggest may lead to greater risk of dependencies) are particularly important, as is keeping customers with existing gambling addictions safe. We apply an equal weighting to the other factors (workforce and diversity, customer engagement, and communities) to reflect the materiality of social risks such as fair working conditions, protection of customer data, and increased regulations to protect local communities from the perceived harmful effects of problem gaming. There is a large emphasis on local stakeholder engagement and frequent regulator interaction because this sector is highly regulated.

| Factor | Weight | Key performance indicators | Other performance indicators |
|---|--------|--|---|
|  Workforce and diversity | 20% | <ul style="list-style-type: none"> – % of woman in total workforce, junior and senior management positions, and in revenue-generating functions – Voluntary/involuntary turnover rate (%) – Average amount spent per full-time-equivalent (FTE) employee on training and development – Gender pay gap | <ul style="list-style-type: none"> – % of employees covered by collective bargaining agreements – % of direct operations and suppliers assessed for human rights issues in the past three years and % where risks have been identified – % of ethnic minorities in total workforce and management positions – Benefits offered to workforce |
|  Safety management | 40% | <ul style="list-style-type: none"> – Fatalities (number per 10,000 FTEs) – Lost-Time Injury Frequency Rate (LTIFR) for employees and contractors – Serious injuries or illness per million customers (number) – % of gaming floor where smoking is allowed – % of gaming facilities that implement Responsible Gambling Index and/or National Council on Problem Gambling (CPG) Internet Responsible Gambling Standards | <ul style="list-style-type: none"> – Occupational Illness Frequency Rate (OIFR) for employees and contractors – Amount of legal and regulatory fines and settlements associated with safety incidents |
|  Customer engagement | 20% | <ul style="list-style-type: none"> – % satisfied customers (out of total customers responding to company's survey) – Total number of information security breaches or other cybersecurity incidents and number of customers affected | <ul style="list-style-type: none"> – % of total customers using the company's online services solutions/sales platform, or % of revenues generated online |
|  Communities | 20% | <ul style="list-style-type: none"> – % of employees from local communities – Amount and type of philanthropic contributions (cash donations, community investments, commercial initiatives, employee volunteering) (%) | <ul style="list-style-type: none"> – Sustainable sourcing of main raw materials (third-party certification) – % of employees from local communities |

Leisure facilities





The subsector is exposed to considerable social risks, leading us to establish an even hierarchy for the social factors. As the leisure facilities industry is a very large employer, we believe it is exposed to elevated workforce and diversity risks. Many leisure facility activities can put the safety of customers and employees at risk, resulting in injury and even death, particularly if equipment is not adequately maintained or if appropriate precautions and training procedures are not in place where large crowds are present. Quality management of customer complaints and maintenance of a high level of quality engagement with local community members help attract and retain a loyal customer base and limit harmful effects on local populations.

| Factor | Weight | Key performance indicators | Other performance indicators |
|---|--------|--|---|
|  Workforce and diversity | 25% | <ul style="list-style-type: none"> – % satisfied customers (out of total customers responding to company's survey) – Total number of information security breaches or other cybersecurity incidents and number of customers affected | <ul style="list-style-type: none"> – % of employees covered by collective bargaining agreements – % of direct operations and suppliers assessed for human rights issues in the past three years and % where risks have been identified – % of ethnic minorities in total workforce and management positions – Benefits offered to workforce |
|  Safety management | 25% | <ul style="list-style-type: none"> – Fatalities (number per 10,000 FTEs) – Lost-Time Injury Frequency Rate (LTIFR) for employees and contractors – Serious injuries or illness per million customers (number) | <ul style="list-style-type: none"> – Occupational Illness Frequency Rate (OIFR) for employees and contractors – Amount of legal and regulatory fines and settlements associated with safety incidents |
|  Customer engagement | 25% | <ul style="list-style-type: none"> – % of employees from local communities – Amount and type of philanthropic contributions (cash donations, community investments, commercial initiatives, employee volunteering) (%) | <ul style="list-style-type: none"> – % of total customers using the company's online services solutions/sales platform, or % of revenues generated online |

| Factor | Weight | Key performance indicators | Other performance indicators |
|---|--------|---|---|
|  Communities | 25% | <ul style="list-style-type: none"> – % of woman in total workforce, junior and senior management positions, and in revenue-generating functions – Voluntary/involuntary turnover rate (%) – Average amount spent per full-time-equivalent (FTE) employee on training and development – Gender pay gap | <ul style="list-style-type: none"> – Sustainable sourcing of main raw materials (third-party certification) – % of employees from local communities |





Cruise lines

The higher weight on safety management reflects both employee and customer exposure to hazards whilst onboard. These hazards could result in injury, illness, and in some instances death, particularly if appropriate precautions and training procedures are not in place. Notable risks are also associated with demanding working conditions, with employees working and living in cramped quarters and expected to be available seven days a week, which may lead to employee fatigue. Fatigued workers can result in lost productivity and elevated absentee rates. If left unmanaged, safety risks such as engine room fires and other fatal catastrophes onboard cruise ships could also lead to lower customer demand and severe reputational harm. The equal weighting on workforce and diversity and customer engagement reflects the customer-facing and labor-intensive nature of the subsector. Employees, often from countries with limited economic opportunities, may face low pay and a lack of career mobility while limited diversity among senior-ranked employees can further exacerbate workforce issues. In addition, the inability to safeguard customer data may result in the loss of customer trust. Although the weighting on communities is relatively lower, community risks still exist. For example, pollution of local water bodies may affect a local region’s economy including its fishing and tourism industries.

| Factor | Weight | Key performance indicators | Other performance indicators |
|---|--------|---|---|
|  Workforce and diversity | 25% | <ul style="list-style-type: none"> – % of woman in total workforce, junior and senior management positions, and in revenue-generating functions – Voluntary/involuntary turnover rate (%) – Average amount spent per full-time-equivalent (FTE) employee on training and development – Gender pay gap | <ul style="list-style-type: none"> – % of employees covered by collective bargaining agreements – % of direct operations and suppliers assessed for human rights issues in the past three years and % where risks have been identified – % of ethnic minorities in total workforce and management positions – Benefits offered to workforce |
|  Safety management | 35% | <ul style="list-style-type: none"> – Work-related employee and contractor fatalities (number per 10,000 FTEs) – Lost-Time Injury Frequency Rate (LTIFR) for employees and contractors – Serious injuries or illnesses (number per 10,000 customers) | <ul style="list-style-type: none"> – Occupational Illness Frequency Rate (OIFR) for employees and contractors – Amount of legal and regulatory fines and settlements associated with safety incidents |
|  Customer engagement | 25% | <ul style="list-style-type: none"> – % satisfied customers (out of total customers responding to company’s survey) – Total number of information security breaches or other cybersecurity incidents and number of customers affected | <ul style="list-style-type: none"> – % of total customers using the company’s online services solutions/sales platform, or % of revenues generated online |
|  Communities | 15% | <ul style="list-style-type: none"> – % of employees from local communities – Amount and type of philanthropic contributions (cash donations, community investments, commercial initiatives, employee volunteering) | <ul style="list-style-type: none"> – Sustainable sourcing of main raw materials (third-party certification) – % of employees from local communities |

Leisure equipment and products

The higher weight on customer engagement reflects the customer-facing nature of the industry’s products and the resulting exposure to public scrutiny and operational risks. Many leisure companies have faced scrutiny about their ability to provide clear and transparent labelling of manufactured goods and communication about the terms of their service offerings, including health and safety measures, as well as their ability to address customer complaints. We apply an equal weighting to safety management, communities, and workforce and diversity because the mismanagement of product safety, human rights, and community relations could significantly damage the brand, financial performance, and reputation of the companies in the industry.

| Factor | Weight | Key performance indicators | Other performance indicators |
|---|--------|---|---|
|  Workforce and diversity | 20% | <ul style="list-style-type: none"> – % of woman in total workforce, junior and senior management positions, and in revenue-generating functions – Voluntary/involuntary turnover rate (%) – Average amount spent per full-time-equivalent (FTE) employee on training and development – Gender pay gap | <ul style="list-style-type: none"> – % of employees covered by collective bargaining agreements – % of direct operations and suppliers assessed for human rights issues in the past three years and % where risks have been identified – % of ethnic minorities in total workforce and management positions – Benefits offered to workforce |
|  Safety management | 20% | <ul style="list-style-type: none"> – Fatalities (number per 10,000 FTEs) – Lost-Time Injury Frequency Rate (LTIFR) for employees and contractors – Number and cost of product recalls or violations of safety regulation as % of annual revenues | <ul style="list-style-type: none"> – Occupational Illness Frequency Rate (OIFR) for employees and contractors |
|  Customer engagement | 40% | <ul style="list-style-type: none"> – % satisfied customers (out of total customers responding to company’s survey) – Total number of information security breaches or other cybersecurity incidents and number of customers affected | <ul style="list-style-type: none"> – % of total customers using the company’s online services solutions/sales platform, or % of revenues generated online – % products/sales certified to third-party environmental or social standards |
|  Communities | 20% | <ul style="list-style-type: none"> – Amount and type of philanthropic contributions (cash donations, community investments, commercial initiatives, employee volunteering) | <ul style="list-style-type: none"> – Sustainable sourcing of main raw materials (third-party certification) – % of employees from local communities |

Submit Feedback

You can submit your feedback [online](#) or by [email](#).

Please specify which sector you are commenting on when submitting feedback.

We would particularly like to hear from you regarding:

1. Which risks are missing or not relevant?
2. Which KPIs are missing, could be enhanced, or are not relevant?
3. What views do you have on the suggested factor weights for the environmental and social analysis?
4. Do you have additional feedback(s) on this document?

Endnotes

¹ Events and issues are material for the ESG Evaluation when in our view they could meaningfully affect the entity's business operations, cash flows, legal or regulatory liabilities, access to capital, reputation, or relationships with key stakeholders and society more generally, either directly or through its value chain (upstream or downstream).

² We are mindful that some may be produced using different methodologies and scopes.

Related Research

- [“The ESG Risk Atlas: Sector And Regional Rationales And Scores.”](#) published July 22, 2020
- [“Our Updated ESG Risk Atlas And Key Sustainability Factors: A Companion Guide.”](#) published July 22, 2020
- [“Environmental, Social, And Governance Evaluation: Analytical Approach.”](#) published Dec. 15, 2020

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