



CORPORATE CITIZENSHIP

Sustainability, Simplified.

In co-operation with

ROBECOSAM 

We are Sustainability Investing.

Making business sense from sustainability

The benefits of sustainability benchmarking through DJSI

19 FEBRUARY 2015

Agenda

Welcome and introduction – Corporate Citizenship

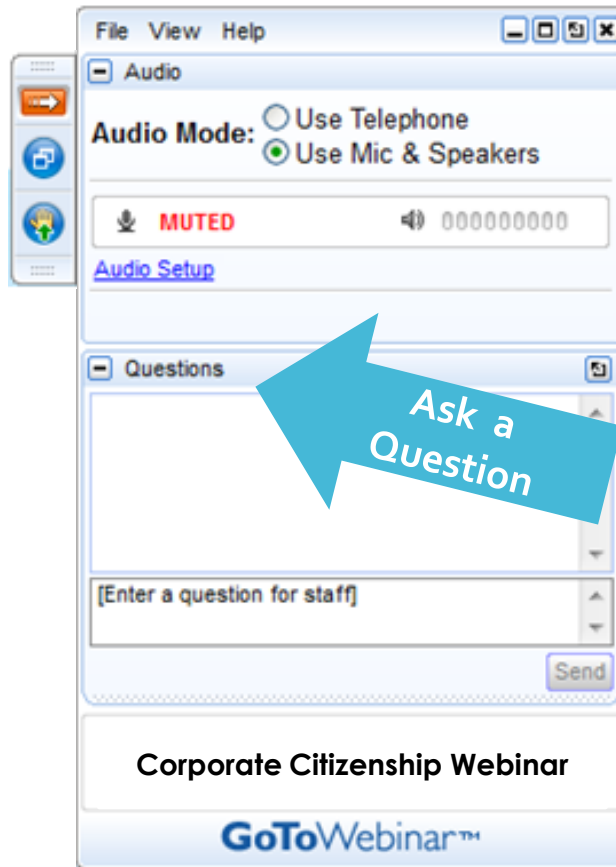
RobecoSAM: Sustainability from an investor perspective

Corporate Citizenship: How we see DJSI strengthen performance

Royal Mail Group: Moving forward with DJSI

Question and Answers

Asking questions



Presentation slides
will be available
tomorrow on the
Corporate
Citizenship website

Who we are



Peter Truesdale, Associate Director, Corporate Citizenship, leads for Corporate Citizenship on indices and external standards. His clients have included ANZ, ARM Holdings, Golden Agri and Mars.



Robert Dornau, Senior Manager, RobecoSAM Sustainability Services, has worked in sustainability related roles since 2000 including at SGS, The World Bank and the International Emissions Trading Association.



Lily Heinemann, Head of Corporate Responsibility and Community Investment Royal Mail Group. As part of her role she is responsible for all external reporting on CR and securing leadership positions in the key indices and benchmarks. Most relevantly, she succeeded in establishing Royal Mail as global Industry Leader in the first year the company became eligible for inclusion in the DJSI following its flotation.



Sustainability from an investor perspective

Robert Dornau, Zurich, February 19, 2015

The next 15min...

- Investor interest in Sustainability
- How do we measure sustainability performance, and not simply sustainability reporting?
- DJSI participation – how does it work?
- Sustainability benchmarking – tools to improve your performance

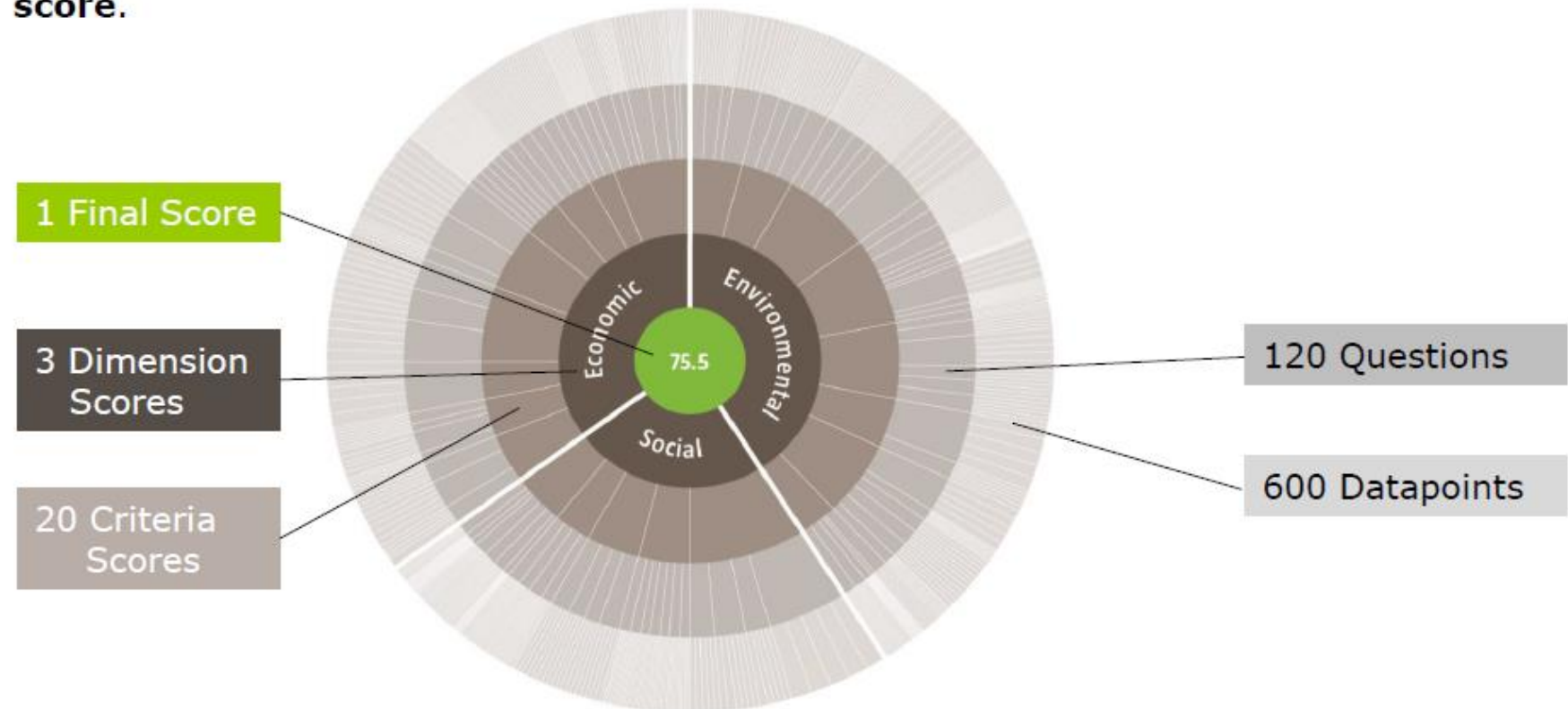
Why does sustainability matter?

- UN Principles for Responsible Investment has 1,300+ signatories representing **\$ 45 trillion in Assets** Under Management*
- Robeco > €100 billion AuM integrate sustainability
- Integrated approach to company valuation considers both financial and non-financial criteria and leads to better **informed investment decisions**
- Sustainability Investing enables investors to generate **superior risk / return characteristics**

*<http://www.unpri.org/signatories/signatories/> and <http://www.unpri.org/pri-signatory-assets-top-us-45-trillion/>

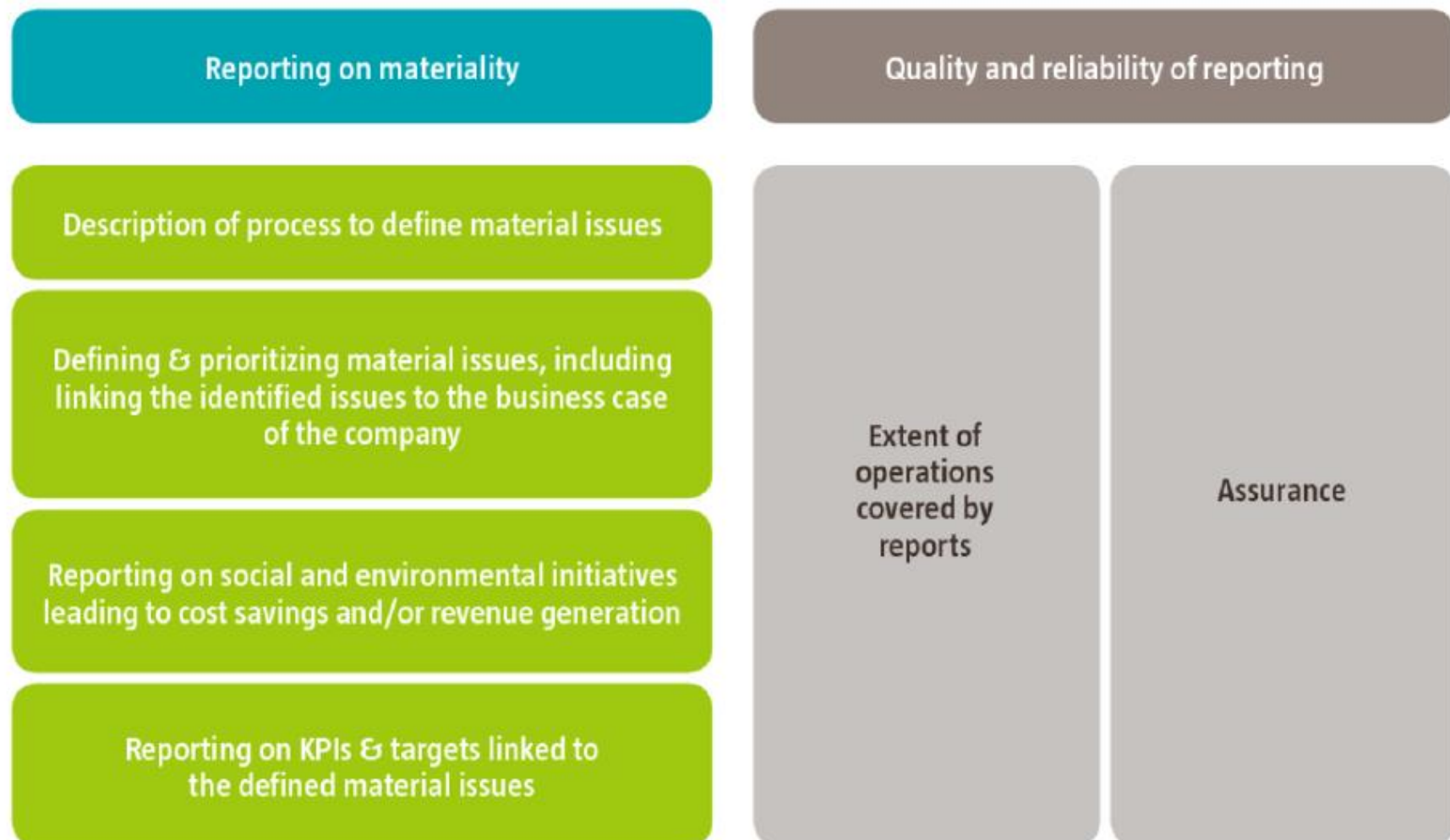
The Corporate Sustainability Assessment

RobecoSAM's Corporate Sustainability Assessment uses a **consistent, rule based methodology** to convert an average of **600 data points** per industry **into one overall score**.



Working backwards, our sustainability services enable you to **benchmark your company** in detail across the economic, social and environmental dimensions, **all the way to individual data points**.

Framework for assessing sustainability reporting



Assessment Process

DJSI invited universe

- Selection by free float market cap: 3'441 companies*
- Companies not invited can be assessed against a fee

Timeline

- Webinar: introduction to DJSI Assessment Mar 10
- Webinar: Methodology changes Mar 12
- Start of online questionnaire process Mar 31
- Deadline for questionnaires May 28
- Announcement of new DJSI Members Sept 10

Effort

- First time respondents need ~100h across the company, reduced in following years

Support

- Online questionnaire with guidance texts
- Ability to provide different levels of internal and external access
- Helpline via email or phone

* List of invited companies available here : <http://www.sustainability-indices.com/review/timeline-2015.jsp>

TRA Transportation and Transportation Infrastructure

Corporate Sustainability Assessment Results

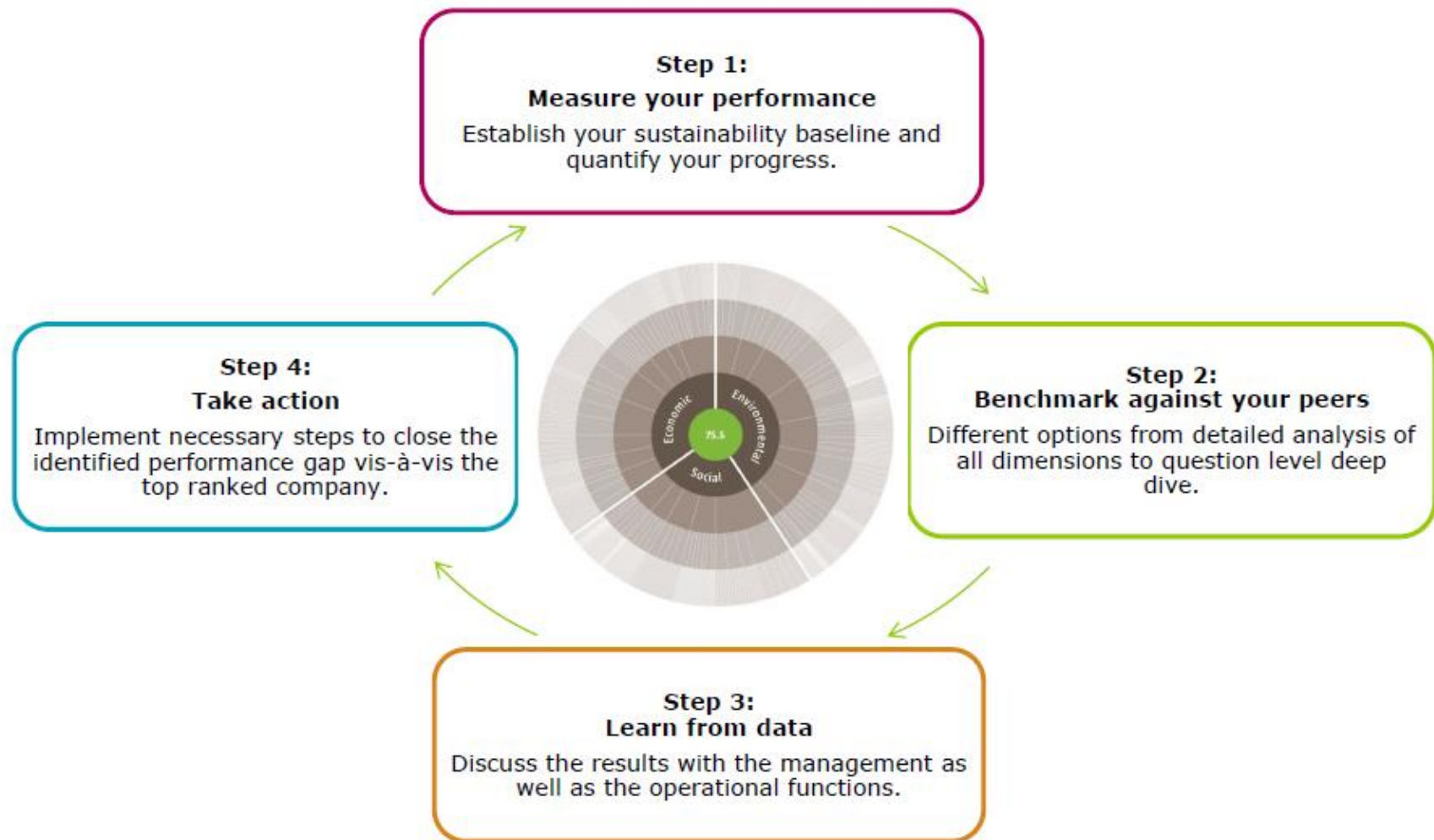
	Company Score	Percentile Ranking	Industry Average Score	Industry Best Score	Lowest Score DJSI World	Lowest Score DJSI Europe	Lowest Score DJSI North America	Lowest Score DJSI Asia Pacific	Weightings
Total Score:	46	59	45	84	75	75	75	53	100
Economic Dimension	52	57	53	88	81	82	83	43	29
Codes of Conduct/Compliance/Corruption&Bribery	72	67	65	89	77	79	73	67	6
Corporate Governance	54	28	65	91	63	69	82	47	6
Customer Relationship Management	18	54	31	100	66	76	66	0	7
Risk & Crisis Management	67	61	60	97	85	87	85	62	7
Supply Chain Management	49	70	42	75	61	61	67	36	3
Environmental Dimension	51	63	39	86	71	71	77	57	28
Climate Strategy	57	56	44	98	62	62	96	52	8
Environmental Policy/Management System	49	59	42	100	37	37	46	63	7
Environmental Reporting	88	96	38	93	56	71	56	20	3
Fuel Efficiency	20	52	33	100	54	77	80	38	6
Operational Eco-Efficiency	61	76	34	100	51	51	67	44	4
Social Dimension	39	57	44	81	67	67	67	50	43
Corporate Citizenship and Philanthropy	16	44	30	84	52	52	60	44	5
Human Capital Development	6	33	34	100	65	65	50	36	5
Labor Practice Indicators and Human Rights	65	81	54	83	60	68	54	53	6
Occupational Health and Safety	46	43	59	98	78	78	89	66	9
Social Reporting	67	87	30	86	40	63	40	0	3
Stakeholder Engagement	40	69	42	91	37	37	75	30	10
Talent Attraction & Retention	33	43	39	75	48	48	54	44	5

Explanations: Total, dimension and criterion level performance is indicated by company score. Percentile ranking, average and best scores are presented for comparison, together with the lowest member score of each index, all within the same industry. For each row, weightings are shown in the last column as a percentage of the total. All values are on a scale from 0 to 100. Further information on the assessment methodology can be found on www.sustainability-indices.com

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The benchmarking process

Competitive benchmarking typically involves the following repetitive steps:



Positive impacts of DJSI participation

Benchmarking for Companies

- Objective analysis of performance across all criteria
- Comparison against leading industry peers

Improvement of Corporate Sustainability Performance

- Strengthening internal networks and communication
- Raise awareness of sustainability throughout the organization
- Improve data and sustainability disclosure

Leading Sustainability Innovation for Companies and Investors

- Clarify the link between sustainability performance and business benefits for companies
- Buy-in from senior management on importance of sustainability for greater investments into sustainability
- Progress in driving positive change at companies and more relevant information for investors

Contact us in case of questions



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Corporate Citizenship:
How we see DJSI
strengthen
performance

The next 15min...

- Our DJSI history and experience
- Why you need a sustainability baseline
- How participation in DJSI drives value
- What you can handle in-house, where third parties can help

Our DJSI history and experience

- Assisting clients since the inception of DJSI – we've lived through the growth and maturing of DJSI
- Assist American, Asian and European clients
- How do we do this?
- We use our knowledge, insight and understanding accrued over the years, specifically we:
 - Analyse
 - Simplify
 - Enable
- Facilitate the process of responding
- This ranges from individual deep-dives to general oversight and guidance to running the whole process for a client
- We like doing the work...we love seeing the progress made

A sustainability baseline

Participation gives a baseline that's not just a number – it's a multiple insight



The point about a baseline is to build on it

The advantage of a baseline is that it can show you where to lay the bricks!

How participation in DJSI drives value

Strong internal networks and communications

Increased awareness (and buy-in!) of sustainability throughout the organization

Improved policies

More robust management systems

More extensive measurement

Higher quality data

Clearer communication

Fuller disclosure

Greater order, (over time) less effort to deliver better results

Identifying issues where you are out of the ordinary

In-house or third party assistance

DJSI can be done in-house unaided by third party. So what can third party assistance add?

- Deep seated knowledge and understanding by having seen the exercise successfully repeated multiple times
- Understanding of the logic of the question structure
- Understanding of the logic of the assessment
- A set of ready made tools to make the process more efficient
- Skill in managing the task
- Sufficient command to explain and secure buy-in from colleagues round the company



Made-to
measure not off-
the peg



The extent of
assistance needed
by client declines
year-on-year

Contact us with any questions

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Royal Mail Group:
Moving forward with
DJSI

19 February 2015

Moving forward with DJSI

Lily Heinemann

Royal Mail Group

About Royal Mail Group

- Royal Mail plays a major role in the UK's social and economic infrastructure
- As the designated provider of the Universal Service, we play a vital role in connecting millions of customers, businesses and communities
- We are the only company with the capability to deliver a 'one-price-goes anywhere' six-days-a-week service for letters and parcels to more than 29 million addresses across the UK



CORE ROLE
TO PLAY IN UK
**ECONOMY &
SOCIETY**



29 MILLION
UK ADDRESSES



ONE PRICE
GOES ANYWHERE

We have a strong track record in CR

- 7th largest contribution to the UK economy of all UK corporations
- More than 162,000 employees across the Group
- Times Top 50 Employer for Women
- 85% people think we are an important part of the community
- £9.8 million given to charities, good causes and schemes for disadvantaged groups
- 4.8 million items of mail delivered for free through our Articles for the Blind service

£9.8
MILLION 
CONTRIBUTION TO
CHARITIES
GOOD CAUSES
DISADVANTAGED
GROUPS


CELEBRATED
25 YEARS
OF PAYROLL
GIVING SCHEME

 **7TH**
BIGGEST
CONTRIBUTION
TO UK ECONOMY

Investors became a new stakeholder group in 2013

- Royal Mail is a stakeholder-focused business. We are part of the UK's social fabric. The support of stakeholders, such as customers, communities, suppliers and government is integral to our success and the on-going sustainability of our business
- Royal Mail was floated on the London Stock Exchange in October 2013
- Our employees received a free 10 per cent stake in total in the company. In addition, 15,000 employees chose to buy shares, joining 700,000 members of the public
- The flotation of Royal Mail added another stakeholder group: investors

Benchmarks, ratings and indices

- We sought to establish high rankings in key indices in anticipation of a flotation
- Our aim was to be able to demonstrate that we are well-run company and attract high-quality investors; including pension funds, insurance companies, mutual funds and private individuals
- We needed to ensure we had strong disclosure of our CR performance as ESG factors are an integral part some investors' appraisal of companies
- At the same time, we had a clear interest in ensuring that data intermediaries and ratings agencies would compile about our ESG performance from CR reports etc would be complete – and positive!

Dow Jones Sustainability Indices

- Two years prior to the flotation, we participated in the RobecoSam corporate sustainability assessment for the first time to benchmark ourselves and identify strengths and weaknesses
- In the first year we achieved a Bronze medal
- In year two, Silver
- In year three, we were ranked global Industry Leader for 2015 and achieved a listing in both the Dow Jones Europe and World indices



ROBECOSAM
Sustainability Award
Industry Leader 2015



ROBECOSAM
Sustainability Award
Gold Class 2015

Our process of taking part

No pain, no gain

- We focused on addressing gaps in our performance between each assessment
- We spent time educating internal stakeholders
- We encouraged and helped them expand their measurement capability
- And, where necessary, agreed disclosure of additional impact data

The benefits of coming top

- Badge of honour – demonstrates strength of CR programme
- Industry leadership referenced in key corporate communications
- Higher internal engagement in sustainability agenda as a result
- Expect it to drive higher external advocacy of the company

Moving forward with DJSI...

We will continue to use the assessment to:

- help us track and meet best practice
- understand issues that are of particular importance to investors
- drive improvements in our sustainability management and reporting
- demonstrate commitment to continuous improvement
- show leadership and encourage others to follow

Questions and Answers