DOW JONES SUSTAINABILITY INDEX (DJSI)

Maximising your performance in 2019
ABOUT THE DOW JONES SUSTAINABILITY INDEX

- One of the longest-running investor indices for evaluating companies’ sustainability performance.
- A collaboration between S&P Dow Jones Indices and RobecoSAM.
- Measures the value of companies’ “intangible assets”, based on environmental, social and governance (ESG) criteria.

In a survey of 320 institutional investors:
- 92% said that ESG issues have real and quantifiable impacts over the long-term;
- 92% said CEOs should set out their strategy for long-term value creation every year.

EY (2017)

In a review of 200 academic studies:
- 90% said solid ESG practices lower the cost of capital;
- 80% said stock price performance is positively influenced by sustainable practices.

Arabesque/Oxford University (2015)

In a survey of more than 300 sustainability professionals:
- 72% of corporate respondents use ESG ratings to inform their decision-making;
- DJSI was ranked both the highest quality and most useful rating.

SustainAbility (2019)
20 YEARS’ DJSI EXPERIENCE...

- London
- New York
- San Francisco
- Santiago
- Singapore
- Melbourne

CORPORATE CITIZENSHIP
OUR EXPERIENCE WITH DJSI IS UNPARALLELED

Since the first Dow Jones Sustainability Index was constructed in 1999, we have worked with companies so that they get the most out of the assessment.

• Between 2016 and 2018, our DJSI clients’ overall scores improved by an average of 11 points. The biggest increase in a single year was 57 points.

• In 2018, over 85% of our DJSI clients were included in at least one index. Their scores improved on an absolute basis by an average of 2 points, despite significant methodological changes that negatively impacted all companies.

• Two of our DJSI clients have reached industry leader status.

• 17 of our Chilean clients have secured entry to the DJSI Chile, and 12 are included in the new DJSI MILA Pacific Alliance index. One has also entered the DJSI World – only the second Chilean company ever to do so.
WHY PARTICIPATE IN DJSI?
REASONS FOR PARTICIPATING

1. Enhancing reputation
2. Engaging investors
3. Strengthening performance

Available on the Bloomberg Terminal®

4. If you don’t respond, they may assess you anyway!
1. ENHANCING REPUTATION

**Universe of Companies**
Each year, over 3,500 publicly traded companies are invited. 2,500 are eligible for the DJSI World index.

**Corporate Sustainability Assessment**
942 companies from 43 countries responded to the 2017 DJSI questionnaire.

**DJSI Indices**
Top 10% in DJSI World, top 20% in DJSI Europe and top 10% in DJSI Emerging Markets.

**Leading Companies**
60 Industry Leaders. Gold/Silver/Bronze awards for top companies in each industry.
The responsible investment market grew to more than $30 trillion in 2018, with half of assets located in Europe.

**Informing investment decisions:**
- DJSI percentiles data is available to investors via the Bloomberg platform, which has over 12,000 active users of ESG data.
- At the Robeco Group (owners of the DJSI assessment) alone, the DJSI results inform the investment strategy of over $100 billion in assets under management.
- The DJSI Yearbook’s online database of company rankings is accessed over 100,000 times a year.

**ESG indices:** Over $10 billion is invested in indices linked directly to the assessment, including the Dow Jones Sustainability Indices and new S&P ESG indices.

**Impact investing:** DJSI has recently announced that data from the assessment will be licensed in the form of “Smart ESG scores”.

---

2. **ENGAGING SUSTAINABLE INVESTORS**

![Chart showing growth in spending on ESG data]

- **ESG indices**
- **Impact investing**

**Integrating ESG into Core around the World: The S&P 500® ESG Index and Beyond**
3. DRIVING INTERNAL VALUE

Build internal networks
- Create links with colleagues in other departments.
- Increase awareness across the organisation.
- Build management buy-in for sustainability.

Strengthen performance
- Improve and update policies.
- Create robust management systems.
- Set metrics and targets.

Improve measurement and reporting
- Uncover activities for reporting.
- Improve data quality and disclosures.
- Benchmark with competitors.
4. RANKINGS OF ALL ASSESSED* COMPANIES ARE NOW PUBLIC

Overall rankings published online at https://yearbook.robecosam.com/companies/

Criterion-level rankings available to investors via the Bloomberg terminal.

*Companies that do not respond to the questionnaire may be assessed based on public reporting.
2019 TIMELINE

April 2, 2019 | Start of Online Questionnaire Process
Companies can access the 2019 industry questionnaires and set up online access rights for their teams.

May 30, 2019 | Deadline for Questionnaires
Deadline for submission of questionnaire and supporting evidence (extensions available).

September 13, 2019 | Announcement of 2019 DJSI Members
At the close of business on a Friday due to new index reporting requirements.
HOW WE CAN HELP WITH YOUR RESPONSE
OUR APPROACH TO DJSI

We have one unwavering approach to our work. We begin where our client is. We work alongside them to improve their score, and help them understand which solutions are most appropriate for them.

CHALLENGE

- Confusion about what DJSI is seeking
- Incomplete reflection of company’s performance
- Gaps in process and performance

SOLUTION

- Improve understanding of question objectives
- Identify activities not currently reported by building connections with colleagues
- Advance sustainability strategy and improve communications
HOW WE HELP OUR CLIENTS

Our DJSI consultancy ranges from the smallest particular query to managing the whole of a company’s DJSI response. The three most common services clients ask for are:

- **Scorecard gap analysis**
  - Analyse your scorecard and quantitatively identify quickest wins;
  - Review your submission and identify areas to focus, based on our experience in DJSI and understanding of the scoring methodology;
  - Provide “traffic-light table setting out opportunities for improvement in every criterion.

- **Subject-specific feedback**
  - Conduct analysis on specific DJSI questionnaire sections;
  - Provide easy-to-understand explanation of what the issue is, insight into the scoring system for the criterion and an action-plan for improvement.

- **Manage entire submission**
  - Analyse scorecard and submission to identify improvement areas;
  - Advise on questionnaire changes and new requirements, through engagement with the RobecoSAM analyst;
  - Engage with issue-owners across the business to explain DJSI requirements;
  - Produce bespoke templates to collect responses and provide commentary on drafts;
  - Draft and submit the response to the DJSI portal.
QUANTITATIVE FEEDBACK: FULL SPREADSHEET ANALYSIS

- Our custom-made spreadsheet allows automatic, intuitive analysis of your DJSI scores.
- It highlights performance over time, and enables you to identify priority areas for action based on percentile rankings and weighted gaps. Ask us for a demonstration!
QUALITATIVE FEEDBACK: DETAILED GAP ANALYSIS

• We review your submission to identify opportunities for improvement and rate each criterion based on the size of the opportunity.

• Two options:
  – **Overview feedback:** Slide deck covering an overview of performance, areas for greatest potential improvement, and top tips to improve your score.
  – **Detailed feedback:** Full feedback report, covering detailed analysis of performance, areas for greatest potential improvement and a traffic-light table setting out specific recommendations for every criterion.

---

**Percentile changes: how did Omnicorp move relative to the industry?**

In 2019, Omnicorp’s overall percentile ranking increased by 7, to 84. This means that Omnicorp moved ahead of 76% of companies in the industry. Given that the industry contains all companies, this means that Omnicorp overtook 2 competitors and now stands in 5th place in the industry.

Examining the change in percentile rankings for each criterion shows where Omnicorp moved relative to the rest of the industry.

Table 1: Percentiles change 2018 to 2019

<table>
<thead>
<tr>
<th>Criterion</th>
<th>2015 percentile</th>
<th>2016 percentile</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall performance</td>
<td>84</td>
<td>84</td>
<td>0</td>
</tr>
<tr>
<td>Occupational Health and Safety</td>
<td>93</td>
<td>93</td>
<td>0</td>
</tr>
<tr>
<td>Environmental Management System</td>
<td>95</td>
<td>95</td>
<td>0</td>
</tr>
<tr>
<td>Social Responsibility</td>
<td>14</td>
<td>15</td>
<td>+1</td>
</tr>
<tr>
<td>Tax Strategy</td>
<td>72</td>
<td>75</td>
<td>+3</td>
</tr>
<tr>
<td>Supply Chain Management</td>
<td>81</td>
<td>81</td>
<td>0</td>
</tr>
<tr>
<td>Risk &amp; Crisis Management</td>
<td>188</td>
<td>188</td>
<td>0</td>
</tr>
<tr>
<td>Codes of Business Conduct</td>
<td>95</td>
<td>95</td>
<td>0</td>
</tr>
</tbody>
</table>

**Table 2: Percentiles** others' performance

- **Citation 2017 score**
  - 1.5 Risk & Crisis Management
    - 85
  - 1.5 Customer Relationship Management
    - 92
  - 1.6 Policy Influence
    - 60

**Traffic light**

- Green: Above industry average
- Yellow: Equal to industry average
- Red: Below industry average

**Recommendations**

1. **Provide detail in line with RobertSH’s definition of lobbying activity (including trade associations and other groups).**
2. **If no contributions are made to any such groups, this must be clearly stated in the public domain.**
3. **Provide detail on whether regular risk management education is provided for non-executive directors.**
4. **Attach supporting documentation on risks correlation and sensitivity analysis.**
5. **Report on two emerging risks in the public domain.**
6. **Score will improve next year when three years' worth of data available.**
Contact us

www.corporate-citizenship.com
Twitter: @CCitizenship
LinkedIn: https://www.linkedin.com/company/corporate-citizenship

London
peter.truesdale@corporate-citizenship.com
Holborn Gate, 5th Floor
326-330 High Holborn,
London
WC1V 7PP
United Kingdom
T: +44 (0)20 7861 1616

Melbourne
simon.robinson@corporate-citizenship.com
Unit 3, Level 7
60 Albert Road
South Melbourne,
VIC 3205
Australia
T: +61 (0) 3 8639 0548

New York
abby.davidson@corporate-citizenship.com
440 9th Ave
17th Floor
New York,
NY 10001
United States
T: 1-212-226-3702

San Francisco
abby.davidson@corporate-citizenship.com
6th Floor
220 Sansome Street,
San Francisco,
CA 94103
United States
T: 1-415-656-9383

Santiago
ana.amar@corporate-citizenship.com
Av. Los Militares 5953
Oficina 402
Las Condes
Santiago
Chile
T: +56 (2) 3224 3559

Singapore
thomas.milburn@corporate-citizenship.com
89a Amoy Street
Singapore
069908
T: +65 6822 2203