DOW JONES SUSTAINABILITY INDEX (DJSI)

Maximising your performance in 2020
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.

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.

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.

20 YEARS’ DJSI EXPERIENCE...
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.

✓ We worked with around **50 companies** across **30 industries** in 2019 alone.

✓ In 2019, **85% of our DJSI clients were included in at least one index**.

✓ Our clients improved their percentile position by **6.7 percentile points on average**. The top increase in one year was 28 percentile points.

✓ Three of our DJSI clients are **industry leaders**.

✓ **20 of our Chilean clients have secured entry to the DJSI Chile**, and 17 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.
THE GROWTH OF ESG INVESTING HAS RESULTED IN MORE SOPHISTICATED ANALYSIS OF COMPANY PERFORMANCE

• Sustainable investing now represents 1/4 of all assets under management.
• Performance on ESG is used as a proxy for how a company manages risk and creates long-term value.
• Investors use ESG data providers to inform their analysis and investment decisions.
DJSI REMAINS PROMINENT IN A CROWDED AND CONFUSING LANDSCAPE OF 600+ RATINGS AND RANKINGS

- Big 3 credit raters
- Big 3 index providers
- Big 2 proxy advisers
WHY PARTICIPATE IN DJSI?
REASONS FOR PARTICIPATING

- Maintain and enhance reputation
- Understand and engage ESG investors
- Create a baseline and drive internal improvement
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**
1,166 companies responded to the 2019 questionnaire. Additional >4,000 assessed based on public information.

**Index members**
DJSI = top 10-20% of each industry.
S&P ESG indices = top 75% of each industry.

**Leading Companies**
60 Industry Leaders. Gold/Silver/Bronze awards for top companies in each industry.
ENGAGING INVESTORS

- **Informing investment decisions:**
  - DJSI data is available to investors via the Bloomberg platform, which has over 12,000 active users of ESG data. The data will become available on S&P data platforms in 2020.
  - Scores of over 3,000 assessed companies are now public!

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

- **Driving disclosure on other ratings:**
  - Increasing focus on public disclosure means DJSI helps improve performance on other ESG ratings.
DRIVING INTERNAL VALUE

Strengthen internal networks

• Create links with colleagues in other departments.
• Increase awareness across the organization.
• Build management buy-in for sustainability.

Build a baseline and strengthen performance

• Implement and update policies and processes.
• Create robust management systems and track the right data.
• Benchmark performance and set ambitious targets.

Improve measurement and reporting

• Uncover activities for reporting on the issues investors care about.
• Improve data quality and disclosures.
• Benchmark reporting with competitors.
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!

<table>
<thead>
<tr>
<th>Select criteria</th>
<th>Corporate Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>OmniCorp score</td>
<td>86 84</td>
</tr>
<tr>
<td>Percentile ranking</td>
<td>100 15</td>
</tr>
<tr>
<td>Industry average score</td>
<td>85 77</td>
</tr>
<tr>
<td>Industry best score</td>
<td>90 100</td>
</tr>
<tr>
<td>Average in DJSI World</td>
<td>76 82</td>
</tr>
<tr>
<td>Average in DJSI Europe</td>
<td>82 92</td>
</tr>
</tbody>
</table>

**Corporate Governance**

![Graph showing performance over time](image)
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.

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

In 2019, Omnicorp’s overall percentile ranking increased by 7, from 64. 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 15th 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 A: Percentiles change 2018 to 2019**

<table>
<thead>
<tr>
<th>Criterion</th>
<th>2018 percentile</th>
<th>2019 percentile</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Strategy</td>
<td>64</td>
<td>61</td>
<td>+3.1%</td>
</tr>
<tr>
<td>Occupational Health and Safety</td>
<td>78</td>
<td>72</td>
<td>-6%</td>
</tr>
<tr>
<td>Environmental Stewardship Systems</td>
<td>96</td>
<td>93</td>
<td>-3%</td>
</tr>
<tr>
<td>Social Responsibility</td>
<td>14</td>
<td>15</td>
<td>+7%</td>
</tr>
<tr>
<td>Tax Strategy</td>
<td>72</td>
<td>70</td>
<td>+2%</td>
</tr>
<tr>
<td>Media &amp; Content Management</td>
<td>61</td>
<td>61</td>
<td>0%</td>
</tr>
<tr>
<td>Risk &amp; Crisis Management</td>
<td>100</td>
<td>100</td>
<td>0%</td>
</tr>
<tr>
<td>Codes of Business Conduct</td>
<td>95</td>
<td>96</td>
<td>+1%</td>
</tr>
</tbody>
</table>

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**Traffic Light Table**

<table>
<thead>
<tr>
<th>Criterion</th>
<th>2017 Score</th>
<th>Percentile</th>
<th>Traffic Light</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.3 Risk &amp; Crisis Management</td>
<td>85</td>
<td>81</td>
<td>Green</td>
<td>Provide detail on whether regular risk management education is provided for non-executive directors.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Attach supporting documentation on risks correlation and sensitivity analysis.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Report on two emerging risks in the public domain.</td>
</tr>
<tr>
<td>1.5 Customer Relationship Management</td>
<td>92</td>
<td>98</td>
<td>Green</td>
<td>Score will improve next year when three years worth of data becomes available.</td>
</tr>
<tr>
<td>1.6 Policy Influence</td>
<td>60</td>
<td>83</td>
<td>Red</td>
<td>Provide detail in line with [Roberts/AMS] definition of lobbying activity (including trade associations and other groups).</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>If no contributions are made to any such groups, this must be clearly stated in the public domain.</td>
</tr>
</tbody>
</table>