Dow Jones Sustainability Index (DJSI)
Gaining recognition for sustainability achievements
Section 1

The case for sustainability reporting
Our changing world requires businesses to consider the financial implications of non-financial megatrends

Social, economic and environmental megatrends are changing the way we do business. To identify opportunities and manage risk, companies need a more integrated perspective.
Non-financial information is increasingly important to a company’s market value

Components of S&P 500 Market Value

Source: Ocean Tomo, LLC Annual Study of Intangible Asset Market Value
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As a result, information providers are embedding sustainability data in their platforms...

- Bloomberg’s corporate pages provide detailed information on environmental, social and governance (ESG) performance indicators—data is pulled from corporate disclosures or the Bloomberg Sustainability Survey

- Google Finance incorporates CDP scores on its “Key Stats and Ratios” snapshot
...and the sustainability reporting landscape is changing with increasing momentum

The early years – voluntary reporting ....

- Dow Jones Sustainability Index
- GRI Framework
- UN Global Compact
- GRI G2 released
- GHG Protocol Corporate Standard released
- France requires non-financial reporting
- Australia ASX requires CSR reports
- Malaysia Bursa requires CSR disclosure
- Sweden requires CSR reports
- EU Modernization act requires non-financial disclosures
- UN - with NASDAQ - launches Sustainable Stock Exchange Initiative(SSE)
- NAIC requires climate risk disclosures
- Bloomberg launches ESG product

... today – integration into the mainstream

- South Africa JSX requires integrated reports
- SEC issues guidance on climate risk disclosures
- Australia requires ethical disclosures
- Indonesia requires environmental impact disclosure
- Denmark requires non-financial reporting in annual reports
- Spain requires governance and CSR reports
- France requires integrated reporting
- NASDAQ commitment
- AICPA establishes sustainability task force
- Dodd-Frank Conflict Minerals Rule
- CDP Investor Survey
- GRI G3 released
- UK Companies Act requires non-financial disclosures
- China requires environmental disclosure
- South Africa JSX requires integrated reports
- SEC issues guidance on climate risk disclosures
- Australia requires ethical disclosures
- Indonesia requires environmental impact disclosure
- Denmark requires non-financial reporting in annual reports
- Spain requires governance and CSR reports


Shell releases first CSR report (1998)
Section 2
The benefits of DJSI
**DJSI is among the world’s most respected sustainability reporting programs**

According to the 2013 *Rate the Raters* survey, the DJSI is one of the top two **most credible** of the world's 18 leading sustainability ratings programs:

*Source: GlobeScan/SustainAbility, Rate the Raters, 2013*

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Section 2 – The benefits of DJSI

**Reporting to DJSI can have important business benefits**

- As stakeholders place increasing importance on sustainability performance, your company's DJSI standing carries strategic significance **for brand value, access to capital, and competitive advantage.**

- The DJSI was created by the **investor community.** Currently, 60 DJSI licenses are held by asset managers in 16 countries managing over **$6.5 billion USD** based on the DJSI.¹ These asset managers have access to DJSI data and use it to manage their sustainability portfolios.

- Of the $33.3 trillion in total assets under management tracked by Thomson Reuters Nelson, $3.74 trillion or **11.3%** is invested according to SRI criteria. This is a **29.2% increase** since year-end 2010.²

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Section 3

Overview of DJSI
History of DJSI

- **Launched in 1999/2000**, the DJSI were the first global indexes tracking the financial performance of the leading sustainability-driven companies worldwide.

- The DJSI were founded by **Sustainable Asset Management (SAM)**, a Zurich-based investment boutique focused exclusively on sustainability investing that was acquired in 2006 by Dutch asset management firm Robeco.

- RobecoSAM was acquired by Rabobank Group in 2007 and sold to the Japanese financial services group **Orix Corporation** in 2013.

- Today, with approximately **130 specialists** located in Zurich and Rotterdam, RobecoSAM offers sustainability investing products and services in over **20 countries**.

- RobecoSAM jointly publishes and markets the DJSI with **S&P Dow Jones Indices LLC**, a part of McGraw Hill Financial and the world’s largest, global resource for index-based concepts, data and research.
How does DJSI work?

- Participation in the DJSI is by invitation-only—questionnaires are sent to the world’s largest companies across various industries and regions.
- RobecoSAM uses company responses to the questionnaire combined with an assessment of publicly-available data to select the components of the DJSI, and S&P Dow Jones Indices is responsible for index calculation and data dissemination.
- The DJSI family uses a best-in-class approach to select sustainability leaders based on pre-defined sustainability criteria. Best-in-class means that:
  - No industry is excluded from the indices, with the most sustainable companies in each industry selected for index membership.
  - Companies receive a Total Sustainability Score between 0 – 100 and are ranked against other companies in their industry.
- The DJSI is updated on an annual basis. Companies can respond to the questionnaire from April to May, and results are usually announced in early September.
Only the largest publicly-listed companies are eligible to participate in the DJSI

<table>
<thead>
<tr>
<th>S&amp;P Global Broad Market Index&lt;sup&gt;SM&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DJSI World</strong></td>
</tr>
<tr>
<td>2,500 largest companies in the world</td>
</tr>
<tr>
<td>Top 10% of companies in each industry</td>
</tr>
<tr>
<td>333 companies in 2013</td>
</tr>
<tr>
<td><strong>DJSI North America</strong></td>
</tr>
<tr>
<td>600 largest companies in the US and Canada</td>
</tr>
<tr>
<td>Top 20% of companies in each industry</td>
</tr>
<tr>
<td>140 companies in 2013</td>
</tr>
</tbody>
</table>

Note: Other indices include: DJSI Europe, DJSI Asia Pacific, DJSI Emerging Markets, DJSI Australia, and DJSI Korea
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June 2014
DJSI results are confidential, except for leaders

Sample of 2014 DJSI leaders:

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Industry</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abbott Laboratories</td>
<td>Health Care Equipment &amp; Supplies</td>
<td>United States</td>
</tr>
<tr>
<td>Adecco SA</td>
<td>Professional Services</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Adidas AG</td>
<td>Textiles, Apparel &amp; Luxury Goods</td>
<td>Germany</td>
</tr>
<tr>
<td>Air France-KLM</td>
<td>Airlines</td>
<td>France</td>
</tr>
<tr>
<td>Akzo Nobel NV</td>
<td>Chemicals</td>
<td>Netherlands</td>
</tr>
<tr>
<td>Alcatel-Lucent</td>
<td>Communications Equipment</td>
<td>France</td>
</tr>
<tr>
<td>Alcoa Inc</td>
<td>Aluminum</td>
<td>United States</td>
</tr>
<tr>
<td>Allianz SE</td>
<td>Insurance</td>
<td>Germany</td>
</tr>
</tbody>
</table>

Source: RobecoSAM 2014 Sustainability Yearbook
The DJSI questionnaire is tailored to each industry

Each DJSI questionnaire covers economic, environmental and social topics—with some questions posed to all companies, and others industry-specific

Source: RobecoSAM 2013 DJSI World Index Guide
Example of topics covered by the DJSI questionnaires

**Economic Dimension**
- Anti-crime policy/measures
- Brand Management
- Codes of Conduct/Compliance/Corruption & Bribery
- Corporate Governance
- Customer Relationship Management
- Innovation Management
- Market Opportunities
- Marketing Practices
- Price Risk Management
- Research & Development
- Risk & Crisis Management
- Stakeholder Engagement
- Scorecards/Measurement Systems

**Environmental Dimension**
- Biodiversity
- Business Opportunities Financial Services/Products
- Business Risks Large Projects/Export Finance
- Climate Change Governance
- Climate Strategy
- Electricity Generation
- Environmental Footprint
- Environmental Policy/Management System
- Environmental Reporting
- Operational Eco-Efficiency
- Transmission & Distribution
- Water-Related Risks

**Social Dimension**
- Addressing Cost Burden
- Bioethics
- Corporate Citizenship and Philanthropy
- Controversial Issues, Dilemmas in lending/financing
- Financial Inclusion/Capacity Building
- Health Outcome Contribution
- Human Capital Development
- Labor Practice Indicators
- Occupational Health & Safety
- Social Reporting
- Stakeholder Engagement
- Standards for Suppliers
- Strategy to Improve Access to Drugs or Products
- Talent Attraction & Retention

*Source: RobecoSAM 2013 DJSI North America Index Guide*
Questions?

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