



Measuring progress in sustainability using the best tools available

Support for participating in the DJSI
evaluation

January 2018

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kpmg.fi

Aligning your ESG strategy with what smart investors are looking for

KPMG has found that over 50% of the world's largest institutional investors are including extra-financial criteria related to governance, business ethics, environmental risk, community relations or cultural diversity in their decision-making process. The reason for this is that smart investors believe responsible companies create greater value for shareholders.

Using the DJSI as a proxy for what smart investors are looking for

The Dow Jones Sustainability Indexes (DJSI) is one of the premier indexes with the greatest credibility among investors and analysts as it distinguishes companies with solid governance and management practices.

The Index, born in 1999, is based on the analysis carried out by RobecoSAM, a leading asset manager focused solely on ESG / sustainability investing, that offers sustainable benchmark and ratings to companies, whether or not they are eligible for the DJSI.

RobecoSAM publishes selected CSA data – such as company percentile rankings at the criterion, dimension and total score levels – on the Bloomberg Professional platform. Not only does this allow you to showcase your company's sustainability performance to the global investment community, it also gives over 12,000 Bloomberg licensees the tools to compare, analyze and identify sustainability leaders, enabling them to integrate relevant sustainability information into their investment decisions.

About the DJSI

The DJSI World is a selective index comprising the top 10% leaders in sustainability of each industry. Companies are evaluated on around 100 questions regarding long-term economic, environmental and social aspects. The questionnaire is composed of industry specific criteria as well as a common set of criteria that are universal to all industries (ex. corporate governance, environmental management, human capital development). The weight assigned to the criteria depends on the importance of each to the industry.

Our proposal

KPMG has over 10 years of experience with the DJSI questionnaire that we will use to your benefit. We will accompany you from preparation of the questionnaire, through evaluation of the results, to helping you develop a roadmap of initiatives that will help improve the company's sustainability performance and be prepared to respond to the information needs of investors that consider ESG criteria.



Key dates

- **April 5, 2018**
RobecoSAM opens the online questionnaire to companies who wish to participate in the DJSI evaluation.
- **May 31, 2018**
Deadline to submit completed questionnaire.
- **September 13, 2018**
RobecoSAM announces members of the DJSI.

Differentiated by experience

Our credentials:



More than 30 professionals at your disposal.



Since 2003 KPMG practitioners have carried out over 200 DJSI engagements to more than 50 companies covering a wide range of sectors.



Deep knowledge of the questionnaire, helpful tips, and insight on the process that we will use to your benefit as we advise you in the DJSI reporting cycle.



We have seen our clients improve in their DJSI evaluation, from not entering the index to becoming industry leaders.

Why are mainstream investors taking into account ESG criteria?

KPMG research shows that over 50% of the world's largest institutional investors are taking into account ESG criteria in their investment decisions.

Drivers at play



Tangible assets represented only 16% of the S&P 500 in 2009 compared to 83% in 1975*. Sustainability and reputation, among other factors contribute to the value of intangible assets. Investors seek companies who are able to maximize the value of their intangible assets.



The life expectancy of companies that make up the S&P 500 has drastically decreased over the decades, averaging over 61 years in 1958 to under 18 in 2012**. Investors seek indications of long term viability.



The lack of Board oversight regarding ESG Risk has resulted in a large number of crisis events***. Companies that can show strong ESG performance and Risk Management indicate to the markets that they are managing corporate and reputational crises.

How an objective, quantitative ESG evaluation can help your company



Know how you stand with respect to your peers and identify key areas for improvement. Progress can be monitored over the years.



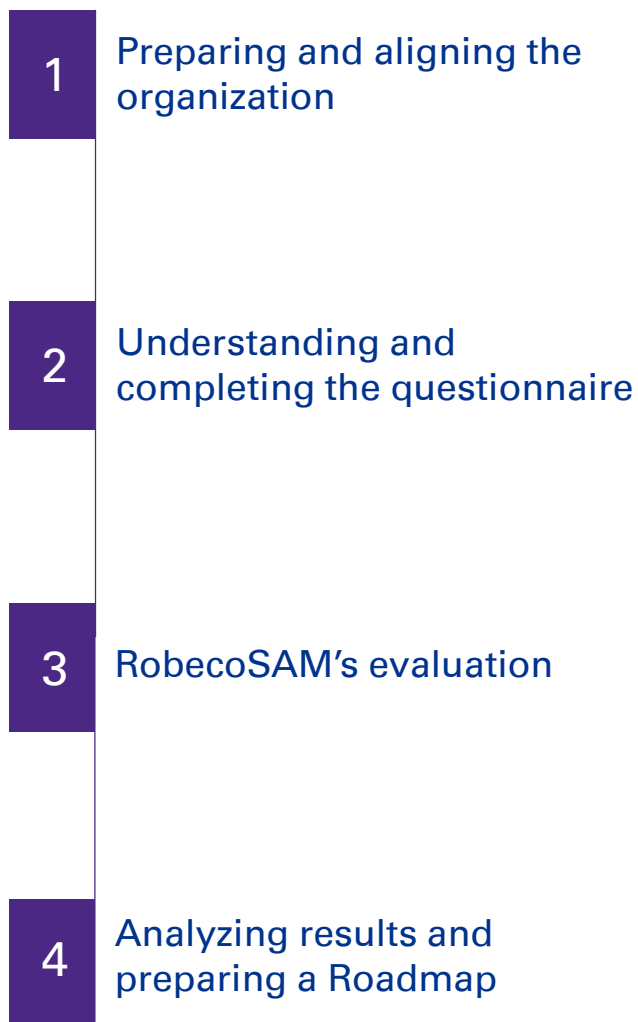
Demonstrate to current and potential investors the quality of your ESG risk management.



Be recognized as a leader in Sustainability performance among your peers or key stakeholders.

Summary of the service

The key elements of our offering to guide you through the DJSI evaluation process.



Details of our methodology



Objective



Tasks



Deliverable

Preparing and aligning the organization

The organization should understand the project and its importance. A **kick off meeting** will be held with the different departments involved in completing the different sections of the questionnaire, to **explain the mechanics of the evaluation in depth.**

Outline of responsible people for each section

Understanding and completing the questionnaire

In order for the company to participate in RobecoSAM's global benchmark, KPMG will **prepare a first draft response to the questionnaire** based on publicly available information. Meetings will be held with each department to **review the draft and go over additional information necessary to complete the answers** and to **review supporting documentation.** During the process, KPMG will advise you in gathering the information required and in the approach for answering each question. We will support you in **uploading the final response to RobecoSAM's online tool.**

Complete draft of the DJSI questionnaire

RobecoSAM's evaluation

The evaluation process is carried out by the RobecoSAM analyst for each sector. The analyst evaluates the company's performance based on the answers in the questionnaire, the documents provided and a review of reputational crises that appear in the media. RobecoSAM provides quantitative results for each criterion, weighted for each sector, to provide you consistent, comparable and rigorous results of your relative position.

NA:
RobecoSAM sends you the company scorecard

Analyzing results and preparing a Roadmap

KPMG will carry out a **quantitative analysis** of the scores received by RobecoSAM to help the company understand the objective position within the index and the key areas to work on in the following year. This analysis, along with internal interviews with critical departments, will provide input for the **DJSI Roadmap which will define the priorities and concrete goals** that will allow the company to move in the direction that management deems most appropriate.

Quantitative analysis of scores and roadmap for each priority area of the company.



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