An In-Depth Study on Sustainability Transparency Practices Around the Globe

Published by S&P Dow Jones Indices in cooperation with RobecoSAM.

Introduction

Disclosure of financial information is obligatory for all companies listed on the main global stock exchanges. This information generally provides a good overview of a company’s financial performance, but it is not enough to make a decision about a company’s sustainability, which is linked to long-term operational and financial stability. Even companies with low levels of debt and high profits may be subject to potential risks from nonfinancial areas such as environmental, social and governance (ESG) criteria. For instance, companies that do not embed human rights in their day-to-day activities may face less productivity and a higher chance of strikes, which can bring additional risks to investors. Similar problems may arise when a company does not apply solid environmental or governance practices.

The growing concern among investors about ESG issues has caused many companies to report information concerning their ESG-related indicators in the form of social reports, additions to their annual reports, special sections on websites and press releases. This information helps investors better evaluate companies’ risks and find possible ways to mitigate them. Yet, disclosure of such information is mostly voluntary among companies. In this report, we analyzed to what extent companies from our headline indices disclose information concerning ESG activities. Companies studied include constituents of the S&P 500®, S&P Europe 350®, S&P/ASX 200, S&P/TSX 60, S&P/TOPIX 150, S&P Asia 50, S&P Latin America 40, S&P Korea LargeMidCap, and a number of additional companies from China and India. The disclosure records were provided by RobecoSAM.

Study Methodology

We assessed the level of transparency and disclosure of substantial information related to the sustainability of approximately 1,500 of the world’s largest companies that are constituents of the aforementioned headline S&P Dow Jones Indices (and additional companies from China and India). Together, they make up the S&P Global 1200, plus 100 companies from the S&P Korea LargeMidCap, 150 companies from S&P/ASX 200, 24 companies from India, and 47 from China. Assessments were based on the companies’ disclosure records for four years (from 2010 to 2013) that are part of the RobecoSAM Corporate Sustainability Assessment (CSA). Assessment were based on 10 reporting-related questions grouped into three main components: corporate governance, environmental and social. Each company received scores from 0 (the lowest) to 100 (the highest) for each of the 10 questions.
Questions related to the following categories were included in the CSA assessment.

1. Corporate governance: transparency of senior management remuneration
2. Corporate governance: policy
3. Environmental: assurance
4. Environmental: materiality (question added in 2012)
5. Environmental: coverage
6. Environmental: quantitative data
7. Social: assurance
8. Social: materiality (question added in 2012)
9. Social: coverage
10. Social: quantitative data

Please see Appendix 1 for the details of all the questions studied.

For each company, we calculated separate scores for the corporate governance, environmental and social groups of questions as well as a total Sustainability Transparency and Disclosure score (ST&D score). In 2012 and 2013, the score for corporate governance was taken as the simple average score for questions one and two; the score for the environmental component was taken as the simple average score for questions three through six; and the score for the social component was taken as the average score for questions seven through 10. A company’s total ST&D score was taken as the average score for each of these 10 questions, or as 20% of the score for corporate governance and 40% each of the scores for social and environmental components.

Prior to 2012, RobecoSAM did not have questions four and eight (materiality questions for the social and environmental components). Hence, in 2010 and 2011, a company’s social and environmental scores were based on the three other questions with equal weights, and the total ST&D score was calculated as 25% of the score for corporate governance and 37.5% each of the scores for social and environmental components (or the average of the scores for the eight assessed questions).

All scores are expressed in percentage of a maximum possible score. No adjustments based on the sectors, company size or regions have been made.

The number of assessed companies also varied from year to year. RobecoSAM expanded its assessment to cover all companies from S&P Dow Jones Indices’ headline indices in 2013, but prior to this year the coverage was not full. Therefore, extrapolated scores and equal-basis comparisons were applied to the year average ST&D scores for the index universes, in addition to simple comparisons.

Key Findings

- The average level of transparency of the 1,504 companies included in the assessment in 2013 was 45, which is below the 0-100 range’s mean. The average score for disclosures related to corporate governance was 81, while the average score for the environmental component was 40 and the average score for the social component was 33.

- The companies in the S&P Europe 350 had the highest average ST&D score among all the other headline indices from S&P Dow Jones Indices (average score of 63). The S&P Europe 350 was also the only index in which the average scores for all three components of assessment (environment, social and corporate governance) exceeded the 50-point average level range.

- The research demonstrates significant differences in disclosure levels across regions. Companies in the U.S. index (the S&P 500), the Canadian index (the S&P/TSX 60) and the Australian index (the S&P/ASX 200) had very high scores for disclosures related to corporate governance. However, their scores for disclosures of environmental and social components were much lower than those of Europe’s largest companies. European companies led in transparency on environmental and social issues. Companies in the Korean and Japanese indices, the S&P Korea LargeMidCap and the S&P/TOPIX 150, respectively, had high scores for disclosure of the environmental component, average scores for social component and the weakest of all scores for corporate governance-related disclosure.
Scores for disclosures of environmental and social components were correlated. This implied that for most companies, it was rare that a company disclosed information about the environmental aspect of its business but did not disclose information about the social aspect (and vice versa). This correlation does not apply to disclosure scores for corporate governance. In other words, a company’s decision to disclose information about corporate governance is independent of its decision to disclose information about social or environmental aspects of its business.

A company’s total ST&D score was strongly correlated with its market size, a relationship that applied across all geographies.

Companies’ ST&D scores did not change significantly over time once they reached the 70- to 90-point range. However, ST&D scores tended to increase if they were lower than 70 and decrease if they were higher than 90.

Average scores for environmental and social components, when adjusted for changes in the scope of assessment, tended to grow over time. At the same time, scores for corporate governance generally stayed the same.

Average ST&D scores of developed countries exceeded the average ST&D scores of countries with emerging economies, but not significantly (46 vs. 40, respectively). This was most likely caused by bigger assessment penetration in developed countries.

The highest-scoring sectors were telecommunication services and utilities. These sectors’ profiles are likely attributable to the fact that in high-tech industries, the competition for investors’ capital is the greatest. Therefore, appreciation of shareholders’ interest in nonfinancial reporting is generally the highest.

The Level of ST&D Scores in 2013 Was Below the Range’s Mean, With No Overwhelming Positive Dynamics

The results of the Global Sustainability Transparency and Disclosure Study show that the average level of transparency of the 1,504 companies included in the assessment in 2013 was 45. Companies disclosed information concerning corporate governance almost twice as often as information concerning social or environmental criteria. The average score for the corporate governance component was 81, while the average score for the environmental component was 40 and the average score for the social component was 33. This was likely due to the fact that all main stock exchanges require listed companies to disclose corporate governance information. Companies’ shareholders are usually more interested in information about corporate governance than in information concerning social or environmental criteria, so pressure on regulators, exchanges and directly on company’s management to disclose this information is greater. As opposed to information about corporate governance, disclosure of information concerning social and environmental criteria is voluntary in all jurisdictions, and a company is free to decide whether to disclose this information or not.

Exhibits 1-3 show the ST&D scores of the top-scored companies in 2013, as well as the sustainability transparency and disclosure leaders by GICS® sectors and headline indices from S&P Dow Jones Indices.

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2 For more information about GICS, see the Global Industry Classification Standard Methodology.
Exhibit 1: Sustainability Transparency and Disclosure Leaders by ST&D Score

<table>
<thead>
<tr>
<th>Company</th>
<th>Country</th>
<th>Sector</th>
<th>ST&amp;D Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Akzo Nobel N.V.</td>
<td>The Netherlands</td>
<td>Materials</td>
<td>93</td>
</tr>
<tr>
<td>National Australia Bank</td>
<td>Australia</td>
<td>Financials</td>
<td>92</td>
</tr>
<tr>
<td>Woolworths Limited</td>
<td>Australia</td>
<td>Consumer Staples</td>
<td>92</td>
</tr>
<tr>
<td>GPT Group</td>
<td>Australia</td>
<td>Financials</td>
<td>92</td>
</tr>
<tr>
<td>EDP Energias De Portugal S.A.</td>
<td>Portugal</td>
<td>Utilities</td>
<td>91</td>
</tr>
<tr>
<td>Fiat Industrial SpA</td>
<td>Italy</td>
<td>Industrials</td>
<td>91</td>
</tr>
<tr>
<td>Endesa S.A.</td>
<td>Chile</td>
<td>Utilities</td>
<td>91</td>
</tr>
<tr>
<td>Unilever N.V.</td>
<td>U.K.</td>
<td>Consumer Staples</td>
<td>91</td>
</tr>
<tr>
<td>Ecopetrol S.A.</td>
<td>Colombia</td>
<td>Energy</td>
<td>91</td>
</tr>
<tr>
<td>Nestle AG</td>
<td>Switzerland</td>
<td>Consumer Staples</td>
<td>90</td>
</tr>
</tbody>
</table>

Source: S&P Dow Jones Indices, RobecoSAM. Data as of December 2013.

Exhibit 2: Sustainability Transparency and Disclosure Leaders by GICS Sector

<table>
<thead>
<tr>
<th>GICS Sector</th>
<th>ST&amp;D Leader</th>
<th>Country</th>
<th>ST&amp;D Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Discretionary</td>
<td>Kingfisher plc</td>
<td>U.K.</td>
<td>90</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>Woolworths Limited</td>
<td>Australia</td>
<td>92</td>
</tr>
<tr>
<td>Energy</td>
<td>Ecopetrol S.A.</td>
<td>Colombia</td>
<td>91</td>
</tr>
<tr>
<td>Financials</td>
<td>National Australia Bank</td>
<td>Australia</td>
<td>92</td>
</tr>
<tr>
<td>Healthcare</td>
<td>Abbott Laboratories</td>
<td>U.S.</td>
<td>87</td>
</tr>
<tr>
<td>Industrials</td>
<td>Fiat Industrial SpA</td>
<td>Italy</td>
<td>91</td>
</tr>
<tr>
<td>Information Technology</td>
<td>SAP AG</td>
<td>Germany</td>
<td>88</td>
</tr>
<tr>
<td>Materials</td>
<td>Akzo Nobel N.V.</td>
<td>The Netherlands</td>
<td>93</td>
</tr>
<tr>
<td>Telecommunication Services</td>
<td>Deutsche Telekom</td>
<td>Germany</td>
<td>90</td>
</tr>
</tbody>
</table>

Source: S&P Dow Jones Indices, RobecoSAM. Data as of December 2013.

Exhibit 3: Sustainability Transparency and Disclosure Leaders of the Headline S&P Dow Jones Indices

<table>
<thead>
<tr>
<th>Index</th>
<th>Company</th>
<th>Country</th>
<th>Sector</th>
<th>ST&amp;D Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P 500</td>
<td>Dow Chemical</td>
<td>U.S.</td>
<td>Materials</td>
<td>90</td>
</tr>
<tr>
<td>S&amp;P Europe 350</td>
<td>Akzo Nobel N.V.</td>
<td>The Netherlands</td>
<td>Materials</td>
<td>93</td>
</tr>
<tr>
<td>S&amp;P Asia 50</td>
<td>POSCO</td>
<td>Republic of Korea</td>
<td>Materials</td>
<td>82</td>
</tr>
<tr>
<td>S&amp;P/ASX 200</td>
<td>National Australia Bank</td>
<td>Australia</td>
<td>Financials</td>
<td>92</td>
</tr>
<tr>
<td>S&amp;P Latin America 40</td>
<td>Endesa S.A.</td>
<td>Chile</td>
<td>Utilities</td>
<td>91</td>
</tr>
<tr>
<td>S&amp;P/TOPIX 150</td>
<td>Panasonic Corp.</td>
<td>Japan</td>
<td>Consumer Discretionary</td>
<td>76</td>
</tr>
<tr>
<td>S&amp;P/TSX 60</td>
<td>TELUS Corp.</td>
<td>Canada</td>
<td>Telecommunications Services</td>
<td>88</td>
</tr>
<tr>
<td>S&amp;P Korea LargeMidCap</td>
<td>SK Telecom Co., Ltd.</td>
<td>Republic of Korea</td>
<td>Telecommunications Services</td>
<td>87</td>
</tr>
</tbody>
</table>

Source: S&P Dow Jones Indices, RobecoSAM. Data as of December 2013.

Comparing 2013 results with the results of the previous year shows that out of 1,138 companies assessed in both years, 602 companies (53%) increased their scores over the year, and 442 companies (39%) decreased their scores. Of the companies that had above-average scores in 2012, 65% increased their scores in 2013, while 65% of the companies that had below-average scores in 2012 decreased their scores in 2013. This observation seems to indicate that high-scoring companies continue to enhance disclosure of nonfinancial information, and low-scoring companies continue deterioration of disclosures, presumably because of the low priority that they give to nonfinancial indicators.
There was a strong correlation between a company’s membership in the Dow Jones Sustainability Indices (DJSI) and its ST&D score. The average ST&D score of a company included in the DJSI exceeded 60 in all years (see Exhibit 4), while median results were even higher. As only the best-in-class companies, in terms of overall sustainability, are included in the DJSI, this implies that companies tend to more intensively disclose nonfinancial information about business activity when they have significant achievements in nonfinancial areas.

### Exhibit 4: ST&D Scores of Companies Included in the DJSI in Each Year

<table>
<thead>
<tr>
<th>ST&amp;D Score</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum</td>
<td>0</td>
<td>0</td>
<td>16</td>
<td>18</td>
</tr>
<tr>
<td>Maximum</td>
<td>94</td>
<td>96</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Average</td>
<td>62</td>
<td>68</td>
<td>76</td>
<td>76</td>
</tr>
<tr>
<td>Median</td>
<td>65</td>
<td>71</td>
<td>78</td>
<td>79</td>
</tr>
</tbody>
</table>

Source: S&P Dow Jones Indices, RobecoSAM. Data as of December 2013.

The increase in the absolute number of companies scoring more than 50 for all three components in 2013 was a positive change. There were 391 such companies in 2013, as compared to 345 in the previous year (a 13% increase).

**European Index Was Heading the Leaders List, and Australian Index Was Closing It**

Exhibit 5 summarizes the average scores for the main S&P Dow Jones Indices studied. Companies from the S&P Europe 350 were well ahead of their peers from other regions. Their scores for the social component were especially outstanding when compared to other indices. The S&P/ASX 200 closed the ranking; it is interesting, however, that out of the five companies with the highest scores listed in the previous section, three were from Australia.

### Exhibit 5: Total ST&D Scores and Component Scores for Studied S&P Dow Jones Indices in 2013

<table>
<thead>
<tr>
<th>Index</th>
<th>Total ST&amp;D Score</th>
<th>Corporate Governance</th>
<th>Environmental</th>
<th>Social</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P Europe 350</td>
<td>63</td>
<td>88</td>
<td>60</td>
<td>53</td>
</tr>
<tr>
<td>S&amp;P/TSX 60</td>
<td>50</td>
<td>97</td>
<td>40</td>
<td>37</td>
</tr>
<tr>
<td>S&amp;P Asia 50</td>
<td>48</td>
<td>67</td>
<td>44</td>
<td>42</td>
</tr>
<tr>
<td>S&amp;P Latin America 40</td>
<td>44</td>
<td>56</td>
<td>41</td>
<td>40</td>
</tr>
<tr>
<td>S&amp;P Korea LargeMidCap</td>
<td>43</td>
<td>28</td>
<td>49</td>
<td>45</td>
</tr>
<tr>
<td>S&amp;P/TOPIX 150</td>
<td>43</td>
<td>39</td>
<td>52</td>
<td>35</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>38</td>
<td>93</td>
<td>28</td>
<td>21</td>
</tr>
<tr>
<td>S&amp;P/ASX 200</td>
<td>37</td>
<td>96</td>
<td>23</td>
<td>20</td>
</tr>
<tr>
<td>Global</td>
<td>45</td>
<td>81</td>
<td>40</td>
<td>33</td>
</tr>
</tbody>
</table>

Source: S&P Dow Jones Indices, RobecoSAM. Data as of December 2013.

The European and Canadian indices were the only two that exceeded the average level of 50 in their total ST&D score, and Europe was the only region where the average level was exceeded in all three components.

Across regions, different components were the drivers of the overall ST&D scores. Companies from the S&P 500 and the S&P/ASX 200 received very high scores for the corporate governance component (93 and 96, respectively). Nevertheless, the gap between this and the other two components was large, which put these indices in the last and penultimate positions in terms of total ST&D score. The low average scores of the S&P 500 for the environmental and social components may partially be explained by the fact that approximately 25% of the companies in this index were working in either the financials or energy sector, both of which traditionally score low for environmental and social components.

When compared with Australia and the U.S., Japan and Korea were much weaker in corporate governance, but they had significantly higher scores for the environmental and social components; the gap was almost as sizable...
as it was for the U.S., but in a different direction. Asia\textsuperscript{3} and Latin America had similar patterns to the U.S.: their scores for the social and environmental components were lower than for corporate governance. This disclosure ranking reflects the regulatory and listing requirements in each respective region, as well as stakeholders’ expectations and pressure, which create the tradition of corporate transparency in the nonfinancial area.

In addition to the headline S&P Dow Jones Indices, we studied the sustainability disclosure of 24 Indian and 47 Chinese companies (in addition to 9 included into S&P Asia 50). The average total ST&D score for the Indian companies was 53, which is close to the top range for indices, and the overall distribution of scores between the three components was close to the U.S. and Australian distributions: 83, 49 and 43, respectively, but with better results for environmental and social. For the 56 assessed companies in China, while the total ST&D score was much lower (33) than in India, the distribution was even closer to the same pattern: 81, 21 and 21 for the components, respectively, but with sharper differences between corporate governance and environmental and social components than the U.S. and Australian distribution.

Scores Were Mostly Centered Around Two Modes

The ST&D scores distribution was close to a bimodal normal distribution (see Exhibit 6). The two peaks (the minor and major modes) are at 25 and 70. Companies with below-average scores (approximately 40% of all companies) were closely centered on the minor mode, while companies with above-average scores were widely distributed around the major mode.

Exhibit 6: Distribution of Total ST&D Scores 2013

![Distribution of Total ST&D Scores 2013](image)

Source: S&P Dow Jones Indices, RobecoSAM. Data as of December 2013.

Having considered companies with below- and above-average scores separately, we can see that the minor and major modes represent average scores of these two groups of companies. The score distribution of companies with below-average scores was significantly skewed to the right, and the score distribution of companies with above-average scores was almost symmetrical. However, the score distribution of companies with above-average scores was wider.

In our opinion, the minor mode represents those companies that disclosed information relating to corporate governance and did not include information concerning other criteria. Scores for corporate governance were generally high and were not correlated with scores for social and environmental criteria. In other words, there were a great number of companies with high scores for corporate governance and very low (sometimes zero) scores for the other two components. Other companies had nonzero scores for social and environmental indicators, and their total scores were located near the major mode. The wide distribution of companies with above-average scores supports this suggestion.

A similar structure of score distribution for low-scoring companies remained stable for the entire study period from 2010 to 2013 (see Exhibit 7). By contrast, the score distribution for high-scoring companies had been changing since 2010 (see Exhibit 8). In 2010 and 2011, the distribution was skewed to the right, which demonstrates that there was a significant number of companies with very high scores (>90), although later, the number of highly

\textsuperscript{3} There are no Japanese or South Korean companies in the S&P Asia 50.
scoring companies declined. The explanation for this change is that the scores for the social and environmental criteria dropped significantly in 2012, when two additional parameters were added to the assessment. This led to a drop in ST&D scores, and the score distribution of above-average-scoring companies has been skewed to the right since then.

**Exhibit 7: Score Distribution of Companies With Below-Average Scores**

Source: S&P Dow Jones Indices, RobecoSAM. Data as of December 2013.

**Exhibit 8: Score Distribution of Companies With Above-Average Scores**

Source: S&P Dow Jones Indices, RobecoSAM. Data as of December 2013.

Exhibit 9 provides information about the score distribution within each of the studied indices.
Exhibit 9: ST&D Score Distribution by Index for 2013

Source: S&P Dow Jones Indices, RobecoSAM. Data as of December 2013.

X-axis shows ST&D score, Y-axis shows the percentage of companies that received each score.
Bigger Companies Tended to Disclose More Information

There was a significant correlation between a company’s size and its total ST&D score, which was clear on a regional level (see Exhibit 10). This correlation is likely explained by the fact that bigger companies tended to experience higher pressure from their shareholders and governments, so they disclosed more information. The correlation between a company’s size and its corporate governance disclosure score was generally less than the correlation between its size and scores for the other two components. This happened because the variance in scores for corporate governance was small, especially in jurisdictions where disclosure of significant parts of this information is required by the government.

Scores for Environmental and Social Components Were Correlated With Each Other and Uncorrelated With Scores for Corporate Governance

Another observation from this study was that the correlation between scores for social and environmental criteria was 92%, which is very high (see Exhibit 11). This trend was particularly visible in the high correlation between similar questions from the social and environmental dimensions (e.g., social: coverage and environmental: coverage; social: materiality and environmental: materiality). The correlation between different questions from the social and environmental dimensions was also significant but did not exceed 69% (see Exhibit 12).

At the same time, correlations between scores for corporate governance and environmental or social criteria were not statistically meaningful (less than 5%). Coupled with the fact that scores for corporate governance were generally very high, this led to the conclusion that almost all companies tended to disclose information concerning governance; however, if a company decided to disclose at least some information about things not related to governance criteria, it typically disclosed a significant amount of nonfinancial information.

Exhibit 10: Correlation Between Companies’ Market Cap and Component Disclosure Scores for 2013

<table>
<thead>
<tr>
<th>Index</th>
<th>Total ST&amp;D Score (%)</th>
<th>Corporate Governance (%)</th>
<th>Environmental (%)</th>
<th>Social (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P 500</td>
<td>29</td>
<td>5</td>
<td>28</td>
<td>29</td>
</tr>
<tr>
<td>S&amp;P Europe 350</td>
<td>35</td>
<td>16</td>
<td>34</td>
<td>35</td>
</tr>
<tr>
<td>S&amp;P/ASX 200</td>
<td>54</td>
<td>10</td>
<td>50</td>
<td>54</td>
</tr>
<tr>
<td>S&amp;P/TSX 60</td>
<td>25</td>
<td>36</td>
<td>23</td>
<td>25</td>
</tr>
<tr>
<td>S&amp;P/TOPIX 150</td>
<td>14</td>
<td>15</td>
<td>14</td>
<td>9</td>
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<tr>
<td>S&amp;P Latin America 40</td>
<td>19</td>
<td>17</td>
<td>21</td>
<td>14</td>
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<tr>
<td>S&amp;P Asia 50</td>
<td>26</td>
<td>22</td>
<td>20</td>
<td>21</td>
</tr>
<tr>
<td>S&amp;P Korea LargeMidCap</td>
<td>25</td>
<td>27</td>
<td>23</td>
<td>22</td>
</tr>
</tbody>
</table>

Source: S&P Dow Jones Indices, RobecoSAM. Data as of December 2013.

Exhibit 11: Correlation Between Scores for Social and Environmental Criteria

Source: S&P Dow Jones Indices, RobecoSAM. Data as of December 2013.
Year-to-Year Comparison Showed Moderate Positive Dynamics and Lack of Stability in Most Achievements

Average total ST&D scores were 54 in 2010, 55 in 2011, 49 in 2012 and 45 in 2013. The general trend for all average component scores was negative (see Exhibit 13), but this was likely caused by factors other than the deterioration of disclosure. Two new parameters were added to the assessment in 2012, and many companies failed to receive high scores for these parameters. In addition, since 2010, a number of new companies have been added to the assessment every year, which also caused decline in scores.

Exhibit 12: Percentage Correlation Between Questions Within the Social and Environmental Dimensions

<table>
<thead>
<tr>
<th>Social Dimension</th>
<th>Environmental Dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Assurance</td>
</tr>
<tr>
<td>Assurance</td>
<td>94</td>
</tr>
<tr>
<td>Coverage</td>
<td>60</td>
</tr>
<tr>
<td>Materiality</td>
<td>58</td>
</tr>
<tr>
<td>Quantitative Data</td>
<td>62</td>
</tr>
</tbody>
</table>

Source: S&P Dow Jones Indices, RobecoSAM. Data as of December 2013.

The questions regarding materiality in the environmental and social components were first added to the assessment in 2012, and average scores for these parameters were 22 (environmental) and 12 (social) that year. These lower question scores led to a significant drop in average scores. Moreover, these two questions increased the proportional weight of the environmental and social components in the total ST&D score; consequently, the proportional weight of the corporate governance component decreased. As previously mentioned, scores for corporate governance were generally much higher than scores for social and environmental indicators; therefore, this was an additional factor that caused a notable drop in average scores in 2012.

The second factor that was responsible for the decline in scores from year to year was the inclusion of new companies in the assessment coverage. Each year, the average score of a newly added company was lower than scores of companies that were assessed in previous years (see Exhibit 14). This was caused by the fact that newly added companies were generally smaller than companies previously assessed. As mentioned before, scores are correlated with market sizes of companies. As a result, average disclosure scores have been decreasing.

Exhibit 13: Raw Average Component Scores Year to Year

Source: S&P Dow Jones Indices, RobecoSAM. Data as of December 2013.
Exhibit 14: Average ST&D and Component Scores for All Components and for New and Previously Assessed Companies

![Average ST&D and Component Scores for All Components and for New and Previously Assessed Companies](image)

Source: S&P Dow Jones Indices, RobecoSAM  Data as of December 2013.

Old: assessed in the previous year; New: not assessed in the previous year; All: average among all companies assessed in year.

The aforementioned changes in the study methodology and the additions of new companies make year-to-year comparisons unrepresentative. It is impossible to distinguish between changes in disclosure patterns and other nonrelated factors. For the purpose of better comparison, then, we only compared companies that were assessed in all years (943 companies) and did not consider scores for the environmental and social materiality questions, because scores for these questions were not available for 2011 and 2010. The scores, after exclusion of new companies and questions, are referred to as “Adjusted Scores”; and they are fully comparable, allowing the dynamics over years to be seen.

Exhibit 15 summarizes the results for adjusted scores for each year. A positive result is that total ST&D scores, as well as scores for environmental and social disclosures, have been rising from year to year. There was, however, no observable growth for corporate governance scores over the period from 2010 to 2013 because most companies had already achieved a steady level of corporate governance disclosure, even before 2010. This demonstrates that there are still many opportunities to move forward in the quality of social and environmental reporting. This could be similar to the progress regarding corporate governance reporting that was made in the past decade in response to shareholder pressure.

Exhibit 15: Average Adjusted Scores for Appropriate Components Year to Year

![Average Adjusted Scores for Appropriate Components Year to Year](image)

Source: S&P Dow Jones Indices, RobecoSAM. Data as of December 2013.

Out of 943 comparable companies that were assessed in all years studied, 269 (29% of the total) had an ST&D score that either increased or was unchanged between 2010 and 2013; 67 companies (7%) continuously increased their scores every year. At the same time, 172 companies (18%) either decreased or did not change
their scores for this period; 27 of those (3%) decreased their scores each year. Scores of the other 502 companies (53%) showed mixed dynamics, e.g., both increased and decreased scores during this period.

The number of companies with scores between 70 and 90 has continuously increased every year since 2010 (see Exhibit 16). This improvement was mainly achieved due to the increase in scores of companies that had scored between 30 and 60 in 2010, of which 20% managed to improve their scores significantly and jumped into the 70 to 90 range in 2013. Of companies with extra-high scores (>90) in 2010, only 22% managed to either maintain or increase their score by 2013; the other 78% of companies in that category decreased their scores during the next four years. However, there was no clear dynamic among scores that were in the 70 to 90 range in 2010. An almost equal number of those companies increased and decreased their scores by 2013 (99 increased and 101 decreased); the average change in score was 2 points, and the average absolute change in score was 8 points. Additionally, almost 70% of the companies that had scores in the 70 to 90 range in 2010 maintained their scores in the same range by 2013. These observations argue for the suggestion that the stable state for a company’s ST&D score is somewhere between 70 and 90. At this point, a company reaches a level of strong recognition of the materiality of nonfinancial performance and a point of no return in terms of the disclosure of its main parameters. Other scores tended to be unstable, and a company would tend to decrease or increase its score if it were not in the 70 to 90 range.

**Exhibit 16: Distribution of Total Adjusted ST&D Scores Year to Year**

Source: S&P Dow Jones Indices, RobecoSAM. Data as of December 2013.

**Comparison Between Countries Revealed Strong Leadership for Europe**

Exhibit 17 presents the average raw and adjusted total ST&D scores for all years. Among the 10 leaders in 2013, nine countries were from Europe. Colombia occupied eighth place, and it is the only non-European country whose average ST&D score exceeded the European average. Peru continued to be the last on the country list.

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4 See previous discussion of this report for more information about Adjusted Scores. Raw scores are a simple average of all ST&D scores of the companies from a country.
disclosure of many issues concerning corporate governance is obligatory. Governance reporting in developing countries was insignificant and lower shareholder pressure may explain the lower scores for corporate governance reporting in developing countries compared to scores in more advanced economies, where disclosure of many issues concerning corporate governance is obligatory. However, the small weight of the

**Exhibit 17: Country Ranking by Raw Average and Adjusted Average Total ST&D Scores by Year**

<table>
<thead>
<tr>
<th>Country</th>
<th>Rank</th>
<th>2013 ST&amp;D Score Raw/Adj</th>
<th>2012 ST&amp;D Score Raw/Adj</th>
<th>2011 ST&amp;D Score Raw/Adj</th>
<th>2010 ST&amp;D Score Raw/Adj</th>
<th>No. Companies in 2013/All Years*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>1</td>
<td>79/85</td>
<td>81/89</td>
<td>90/90</td>
<td>88/88</td>
<td>4/4</td>
</tr>
<tr>
<td>Spain</td>
<td>2</td>
<td>77/87</td>
<td>74/87</td>
<td>86/87</td>
<td>86/86</td>
<td>17/15</td>
</tr>
<tr>
<td>Denmark</td>
<td>3</td>
<td>75/81</td>
<td>71/78</td>
<td>81/81</td>
<td>73/73</td>
<td>6/6</td>
</tr>
<tr>
<td>France</td>
<td>4</td>
<td>70/83</td>
<td>65/79</td>
<td>75/77</td>
<td>76/76</td>
<td>48/39</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>5</td>
<td>69/83</td>
<td>69/81</td>
<td>86/84</td>
<td>79/79</td>
<td>18/13</td>
</tr>
<tr>
<td>Finland</td>
<td>6</td>
<td>68/80</td>
<td>67/74</td>
<td>73/73</td>
<td>66/66</td>
<td>9/8</td>
</tr>
<tr>
<td>Italy</td>
<td>7</td>
<td>67/74</td>
<td>67/75</td>
<td>83/82</td>
<td>80/80</td>
<td>22/20</td>
</tr>
<tr>
<td>Colombia</td>
<td>8</td>
<td>65/72</td>
<td>69/77</td>
<td>60/60</td>
<td>58/58</td>
<td>2/2</td>
</tr>
<tr>
<td>Germany</td>
<td>9</td>
<td>63/74</td>
<td>67/74</td>
<td>72/73</td>
<td>70/72</td>
<td>38/28</td>
</tr>
<tr>
<td>Sweden</td>
<td>10</td>
<td>60/70</td>
<td>59/68</td>
<td>64/65</td>
<td>64/63</td>
<td>26/18</td>
</tr>
<tr>
<td>Norway</td>
<td>12</td>
<td>58/69</td>
<td>51/66</td>
<td>60/65</td>
<td>65/65</td>
<td>8/7</td>
</tr>
<tr>
<td>Belgium</td>
<td>13</td>
<td>56/67</td>
<td>59/67</td>
<td>60/60</td>
<td>57/57</td>
<td>10/8</td>
</tr>
<tr>
<td>Switzerland</td>
<td>14</td>
<td>54/70</td>
<td>61/72</td>
<td>74/74</td>
<td>70/70</td>
<td>26/19</td>
</tr>
<tr>
<td>India</td>
<td>15</td>
<td>53/75</td>
<td>54/72</td>
<td>71/73</td>
<td>69/69</td>
<td>24/9</td>
</tr>
<tr>
<td>Brazil</td>
<td>16</td>
<td>53/58</td>
<td>51/59</td>
<td>56/56</td>
<td>54/54</td>
<td>18/15</td>
</tr>
<tr>
<td>Canada</td>
<td>17</td>
<td>50/68</td>
<td>55/67</td>
<td>59/63</td>
<td>59/61</td>
<td>60/40</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>18</td>
<td>50/56</td>
<td>50/57</td>
<td>53/53</td>
<td>51/51</td>
<td>3/2</td>
</tr>
<tr>
<td>Austria</td>
<td>19</td>
<td>48/41</td>
<td>44/57</td>
<td>52/52</td>
<td>61/51</td>
<td>4/2</td>
</tr>
<tr>
<td>Korea</td>
<td>20</td>
<td>46/56</td>
<td>39/46</td>
<td>53/56</td>
<td>50/50</td>
<td>106/88</td>
</tr>
<tr>
<td>Greece</td>
<td>21</td>
<td>45</td>
<td>40</td>
<td>34</td>
<td>45</td>
<td>2/0</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>22</td>
<td>44/57</td>
<td>46/60</td>
<td>54/59</td>
<td>53/53</td>
<td>14/10</td>
</tr>
<tr>
<td>Japan</td>
<td>23</td>
<td>43/54</td>
<td>43/54</td>
<td>53/55</td>
<td>50/50</td>
<td>150/111</td>
</tr>
<tr>
<td>Singapore</td>
<td>24</td>
<td>38/49</td>
<td>44/49</td>
<td>40/40</td>
<td>33/35</td>
<td>5/4</td>
</tr>
<tr>
<td>U.S.</td>
<td>25</td>
<td>38/52</td>
<td>43/52</td>
<td>46/49</td>
<td>45/47</td>
<td>500/294</td>
</tr>
<tr>
<td>Chile</td>
<td>26</td>
<td>37/56</td>
<td>31/59</td>
<td>46/54</td>
<td>43/53</td>
<td>10/2</td>
</tr>
<tr>
<td>Australia</td>
<td>27</td>
<td>37/56</td>
<td>45/57</td>
<td>45/55</td>
<td>46/52</td>
<td>189/74</td>
</tr>
<tr>
<td>Ireland</td>
<td>28</td>
<td>35/58</td>
<td>44/55</td>
<td>55/55</td>
<td>59/59</td>
<td>4/2</td>
</tr>
<tr>
<td>Taiwan</td>
<td>29</td>
<td>34/38</td>
<td>27/31</td>
<td>27/27</td>
<td>27/27</td>
<td>10/10</td>
</tr>
<tr>
<td>China</td>
<td>30</td>
<td>33/57</td>
<td>31/48</td>
<td>46/48</td>
<td>49/49</td>
<td>56/20</td>
</tr>
<tr>
<td>Mexico</td>
<td>31</td>
<td>32/42</td>
<td>31/39</td>
<td>48/45</td>
<td>44/44</td>
<td>7/4</td>
</tr>
<tr>
<td>Peru</td>
<td>32</td>
<td>20/18</td>
<td>17/22</td>
<td>34/21</td>
<td>23/23</td>
<td>3/2</td>
</tr>
</tbody>
</table>

Source: S&P Dow Jones Indices, RobecoSAM. Data as of December 2013.

*Number of companies from a country assessed in 2013 and number of companies from this country consistently assessed through all years. Ranking is based on 2013 raw data first, adjusted data second.

It is important to note that in some countries, including leaders Portugal and Denmark, the number of assessed companies is so low that it can hardly be considered a representative number for the country’s overall level of sustainability transparency and disclosure.

**Developed Economies Were Only Marginally Better Than Emerging Economies**

Companies from developed economies were more transparent than their competitors from emerging countries; however, the gap decreased from 12% to 6% in the period from 2010 to 2013 (see Exhibit 18). Countries with emerging economies were worse in terms of all components, but the difference in scores for the social component was insignificant. In 2012, developing countries were also worse than developed countries from the lens of all criteria, and the difference in scores for the social component was much greater.

Less-demanding regulations and lower shareholder pressure may explain the lower scores for corporate governance reporting in developing countries compared to scores in more advanced economies, where disclosure of many issues concerning corporate governance is obligatory. However, the small weight of the
corporate governance component in the total ST&D score also explains why the difference in total scores between developing and developed economies was insignificant.

The average 2013 ST&D score of a company that was added to the assessment in 2013 was 29 for a developed market and 32 for an emerging market; the average 2013 ST&D score of a company that had been previously assessed was 52 and 42 for advanced and emerging economies, respectively. This provides a clear rationale for why the spread between scores has decreased significantly since 2012. Newly added, smaller companies from developed markets had a bigger gap in the quality of sustainability disclosure with their larger peers than companies from emerging markets compared with their peers. The scope of the sustainability disclosure assessment was smaller in emerging markets, and the average size of assessed companies in those markets was larger than in developed markets. As ST&D scores were correlated with companies’ sizes, and sizes of assessed companies were larger in the emerging economies, a decreasing gap in ST&D scores of companies from emerging markets and developed markets was found. At the same time, the size correlation appeared to be higher in developed than in emerging markets. This may have to do with the fact that in the absence of solid government regulation in the emerging markets, companies had higher or lower quantity of sustainability disclosures, but the quality of those disclosures was weak; while in developed markets, the leading and bigger companies presented a different pattern of attitudes toward sustainability and its impact on business than their smaller peers.

### Exhibit 18: Global Average Scores and Average Scores for Developed and Emerging Markets

<table>
<thead>
<tr>
<th>Year</th>
<th>Region</th>
<th>Corporate Governance Reporting</th>
<th>Environmental Reporting</th>
<th>Social Reporting</th>
<th>Total Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>Global</td>
<td>81</td>
<td>40</td>
<td>33</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td>Developed</td>
<td>82</td>
<td>40</td>
<td>34</td>
<td>46</td>
</tr>
<tr>
<td></td>
<td>Developing</td>
<td>70</td>
<td>34</td>
<td>32</td>
<td>40</td>
</tr>
<tr>
<td>2012</td>
<td>Global</td>
<td>79</td>
<td>44</td>
<td>38</td>
<td>49</td>
</tr>
<tr>
<td></td>
<td>Developed</td>
<td>80</td>
<td>45</td>
<td>39</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>Developing</td>
<td>66</td>
<td>32</td>
<td>31</td>
<td>38</td>
</tr>
</tbody>
</table>

Source: S&P Dow Jones Indices, RobecoSAM. Data as of December 2013.

**Comparison Between Specific Criteria Showed Two Different Disclosure Patterns**

**Corporate Governance**

Nearly 59% of all companies received the maximum score for the first parameter within the corporate governance component (transparency of senior management remuneration) in 2013; a zero score was received by 7% of all companies. There was a slight improvement in this category from 2012, when 56% of all companies had the maximum score and 9% of all companies had a zero score. By contrast, results have declined since 2010 and 2011, when less than 5% of companies had a zero score and more than 60% of companies had the maximum score. If we only consider companies that were assessed every year, however, the changes in score distributions were insignificant.

Of companies that received the maximum score for the first question in 2012 and 2010, 96% and 93%, respectively, retained their maximum score in 2013. At the same time, only 11% of all companies increased their scores for this question since 2010, and 13% decreased; the remaining 76% of companies had no change since 2010. Most companies appeared to have reached a stable level of disclosure that met government requirements or shareholders’ expectations. The majority revealed full information concerning senior management remuneration, while others stopped at a level where further disclosure might require touching on sensitive issues.

Results for the second parameter (corporate governance policy) were also high, but slightly lower than for the first parameter. Only 23% of all companies managed to receive the maximum score in 2013, but around 75% of all companies scored at least 80. Of those companies that received scores above 90 for this question in 2012, 3% decreased their scores in 2013. The number of companies that scored above 90 has been continuously increasing for the past four years. This growth was mainly achieved as a result of improvement in scores of companies that were in the 70 to 90 range in previous years. For example, 30% of the increases in scores to above 90 in 2013 is explained by enhancement of scores that ended up between 70 and 90 in 2012.
Environmental and Social Criteria

There was significantly less disclosure of information related to environmental and social issues than information related to corporate governance. In 2013, 13% of all companies received zero scores for both of these indicators.

Most information was disclosed in questions six and nine, related to coverage, on which more than 50% of all companies scored over 50 (52% of all companies on social dimension question nine and 54% of all companies on environmental dimension question six). Coverage indicators, despite being high on average, were also the most volatile. The standard deviation of the scores for social: coverage was 49, and standard deviation of environmental: coverage was 48; the standard deviation of other indicators are in the range between 20 and 39.

The most challenging factor within the social and environmental components was materiality. Of all companies, 64% received a zero score for this parameter in the social dimension and 41% in the environmental dimension. Because of this low level, however, the increase in scores of materiality indicators was the greatest since 2012. Materiality questions were added to the assessment in 2013, and companies were too new to report this information, which requires a focus on and interest in sustainability in the business context.

Average scores for the coverage and assurance indicators were similar within the social and environmental components: coverage had an average of 56 in the environmental component and 53 in the social; assurance had averages of 38 and 37, respectively. Average scores for materiality and quantitative data questions were not so close. For materiality, the average scores were 25 and 14 for the environmental and social components, respectively, and the average scores for quantitative data questions were 40 and 33. It appears that the business impact of sustainability, which is what the materiality questions are about, is more easily identified with respect to environmental performance than with respect to social components. The environmental sustainability business impact is also easier to measure in most cases, which is likely the reason for the gap in the scores for the quantitative data questions.

Appendix 2 contains information about the average scores for different questions for companies from the S&P 500, the S&P Europe 350, the S&P/ASX 200, the S&P/TSX 60, the S&P Asia 50, the S&P/TOPIX 150, the S&P Latin America 40 and the S&P Korea LargeMidCap. The exhibit in Appendix 2 demonstrates the key drivers of component scores in each region.

Almost all regions showed high scores for questions within the corporate governance component and low scores for questions within the two other components. This does not apply to the S&P/TOPIX 150 or the S&P Korea LargeMidCap, however. Unlike companies from other indices, Japanese and Korean companies tend to poorly disclose information about corporate governance, but their scores for certain questions within the social and environmental components were remarkably high. Questions five, six and nine (environmental: coverage, environmental: quantitative data and social: coverage) are examples of this, as the average score for each of them exceeded 75 in 2013 in Japan. Korean scores for these questions were a bit lower but still very high compared to other regions. Korean companies also received very high scores for assurance questions within the social and environmental components. This was in line with the relative importance of factors related to sustainability in different corporate cultures.

Scores of the S&P Latin America 40 and the S&P Asia 50 did not vary as much as scores of other indices. Their scores for the corporate governance component were lower than those of the S&P 500 and the S&P/ASX 200, but they were higher than those of the S&P/TOPIX 150 and the S&P Korea LargeMidCap. At the same time, Latin American and Asian indices’ scores for questions within the two other components were higher than the S&P 500 and the S&P/ASX 200 and smaller than the S&P/TOPIX 150 and the S&P Korea LargeMidCap.

Each region’s lowest score was received for the materiality question within the social component. Disclosure in all regions was also quite poor in aspects such as quantitative data within the social component and assurance and materiality within the environmental component.

The fact that the most problematic factors were similar between all indices suggests that there were some common disclosure issues across regions, which may be remedied via gradually increasing recognition of their significant importance from a business perspective and consolidated pressure from all groups of shareholders.
Sectors That Disclosed Above and Below the Average Tended to Maintain This Pattern Over Time

Exhibits 19 and 20 provide information about average ST&D scores of different industries and GICS sectors. The industry with the highest ST&D score, which also had the highest environmental score, was automobiles. Other industries with very high scores for the environmental component were chemicals, containers and packaging, tobacco and others. These are the industries for which environmental issues are the most serious, and even slight progress in this direction may lead to significant benefits for the business; hence, this provides great incentive for the companies to report every achievement.

Exhibit 19 Average ST&D Scores by GICS Sector*

Source: S&P Dow Jones Indices, RobecoSAM. Data as of December 2013.
Note: The bars represent total ST&D scores (unadjusted) of GICS sectors; different colors represent scores for different components within the total ST&D score: dark teal equals 20% of the total score from corporate governance in 2013 and 2012 and 25% of the total score from corporate governance in 2011 and 2010; light gray equals 40% of the total score from the environmental component in 2013 and 2012 and 37.5% of the total score from the environmental component in 2011 and 2010; light teal equals 40% of the total score for the social component in 2013 and 2012 and 37.5% of the total score for the social component in 2011 and 2010.

Exhibit 20: Average ST&D Scores and Component Scores by Industry, 2013*

Source: S&P Dow Jones Indices, RobecoSAM. Data as of December 2013.
*Note: The bars represent total ST&D scores (unadjusted) of industries; different colors represent scores for different components within the total ST&D score: dark teal equals 20% of the total score from corporate governance; light gray equals 40% of the total score from the environmental component; light teal equals 40% of the total score for the social component.
For the sector ranking, telecommunication services and utilities occupied the two highest positions in all years. For 2012 and 2013, telecommunication services led the ranking, while utilities were higher in 2011 and 2010.

Utilities also had the highest scores for the environmental and social components in 2011 and 2010. Energy had the highest score for corporate governance in all years, but its low scores for the two other components put the sector into fifth place in the total ranking every year.

High scores for disclosure components imply that there is a strong pressure from shareholders to disclose information. This may be seen in capital-intensive sectors like telecommunication services or energy, where competition for investor capital is especially high, and companies frequently need investor support to invest in research, development and upgrade in technologies. The controversial nature of the energy companies’ exposure to environmental risks may create incentives to hold back from the disclosure of facts and figures concerning the environment. Given the good scores for disclosure of information about corporate governance, which is attributable to investor pressure, there is a good opportunity for investors to push companies for better disclosure of environmental information, should they choose to do so.

Of note, the upper half of the sector rankings did not change, nor did the lower half. In other words, sectors that were ranked from first to fifth in 2010 did not fall lower than fifth place in any other year, and sectors that were ranked sixth through tenth in 2010 did not get higher than sixth place in any year. Changes in ranking only occurred within these two groups.

Exhibit 21 shows the dynamic of scores for each GICS sector. Adjusted scores for almost all sectors rose each year. Consumer discretionary and healthcare were exceptions, because the trend for the adjusted scores of these sectors was almost horizontal. One possible explanation for this is the fact that in the middle of the financial crisis, brand-driven consumer sectors felt more protected from shareholders’ claims and less pressed to improve their nonfinancial profiles.

Exhibit 21: Adjusted ST&D Scores by Sector

Source: S&P Dow Jones Indices, RobecoSAM. Data as of December 2013.
APPENDIX 1

Global Sustainability Transparency and Disclosure Study Questions

1. Transparency of Senior Management Remuneration

Does your company communicate the remuneration/compensation of your board of directors/supervisory board members and other highest paid senior directors/executives (e.g., CEO) externally?

- Yes, on an individual level for each board member and CEO and additional highest paid senior executives, please indicate weblink.
- Yes, on an individual level for each board member and CEO, please indicate weblink.
- Yes, on an aggregated level for non-executive directors AND on aggregated level for executive directors, please indicate weblink.
- Yes, on an aggregated level for the board/supervisory board, please indicate weblink.
- No, we do not communicate this information externally.
- Not applicable. Please provide explanations in the comment box below.
- Not known.

2. Transparency and Accountability: Corporate Governance Policy

Please indicate if the board of directors/supervisory board has issued a formal corporate governance policy and if it is publicly available and covers the following aspects:

- Yes, formal corporate governance statement:
  - Documented in and/or website
  - Statement of compliance of the formal policy with current legislation
  - Remuneration framework and performance evaluation of the members of board of directors/supervisory board, CEO and senior executives
  - Independence statement of board of directors/supervisory board
  - Attendance of board of directors/supervisory board meetings disclosed
  - Biographies, CVs of board of directors/supervisory board disclosed
  - Other mandates of board of directors/supervisory board members disclosed.
- No formal corporate governance policy.
- Not applicable. Please provide explanations in the comment box below.
- Not known.

3. Environmental: Assurance

Please evaluate the assurance provisions in the company’s environmental reporting. (Multiple Choice)

- Report signed by CEO and/or a member of the board of directors, e.g., chairman.
- The assurance statement is an “External Audit” or “External Assurance” produced by assurance specialists (i.e., accountants, certifications bodies, specialist consultancies).
- The assurance statement contains a “declaration of independence.”
- The assurance statement is based on a recognized international or national standard (e.g., AA 1000AS, ISAE 3000).
- The scope of the assurance is clearly indicated in the assurance statement. If the assurance statement only covers some KPIs (but not all) it is easy for the reader to see which data / KPIs disclosed in the report has been assured (e.g., each KPI assured is marked with an “assurance” symbol/flag).
- The assurance statement contains a conclusion, i.e., either “reasonable assurance” or “limited assurance.”
- No reporting on environmental issues.
- Not applicable. Please provide explanations in the comment box below.
- Not known.
4. Environmental: Materiality

Please indicate if your company is publicly reporting on the following aspects and attach supporting documents or weblinks.

- Is your company publicly reporting on the processes and tools used to identify and prioritize critical environmental issues within the sustainability strategy, including a consideration of impact on the company’s business performance (i.e., materiality analysis/matrix, portfolio matrix/analysis, company’s definition of “materiality”, description of the analytical framework)?
  
  o We report on this in the Corporate Sustainability report. Please provide supporting document or weblinks and indicate page.
  o We report on this in the main part of the Annual Report or equivalent financial reports (i.e., not in a separate CSR section of the Annual Report). Please provide supporting document or weblinks and indicate page.

- Is your company publicly reporting on one or more concrete examples of how environmental initiatives have led to cost savings? Please indicate, if possible, both qualitative and quantitative examples.
  
  o We report on this in the Corporate Sustainability report. Please provide supporting document or weblinks and indicate page.
  o We report on this in the main part of the Annual Report or equivalent financial reports (i.e., not in a separate CSR section of the Annual Report). Please provide supporting document or weblinks and indicate page.

- Is your company publicly reporting on one or more concrete examples of how environmental initiatives have generated additional revenues? Please indicate, if possible, both qualitative and quantitative examples.
  
  o We report on this in the Corporate Sustainability report. Please provide supporting document or weblinks and indicate page.
  o We report on this in the main part of the Annual Report or equivalent financial reports (i.e., not in a separate CSR section of the Annual Report). Please provide supporting document or weblinks and indicate page.

- No such reporting publicly available.
- Not applicable. Please provide explanations in the comment box below.
- Not known.

5. Environmental: Coverage

Is the coverage of the company’s publicly available environmental reporting clearly indicated in the report or in the online domain? (single choice)

- Yes, please select the organizational coverage of the company’s publicly available environmental reports from the dropdown list below:
  
  o >75% or ALL business operations
  o 50-75% or majority of business operations
  o 25-50% of some business operations
  o <25% of only one business operation.

- No, the company reports on environmental issues, but no clear indication of coverage is available in the report or in the public domain.
- No reporting on environmental issues.
- Not applicable. Please provide explanations in the comment box below.
- Not known.
6. Environmental: Quantitative Data

Please evaluate the quantitative data on environmental issues included in other reports or on the company’s website (e.g., own publication, part of a sustainability /CSR report or of the annual report).

- **Data**
  - Environmental Performance Data (quantitative), clear that annually updated, for 5 or more relevant KPIs
  - Environmental Performance Data (quantitative), clear that annually updated, less than 5 relevant KPIs

- **Targets**
  - Quantitative environmental targets reported publicly for 5 or more relevant KPIs
  - Quantitative environmental targets reported publicly for less than 5 relevant KPIs
  - Progress on targets reported

- No quantitative reporting on environmental issues OR no reporting on environmental issues.
- Not applicable. Please provide explanations in the comment box below.
- Not known.

7. Social: Assurance

Please evaluate the assurance provisions in the company’s social reporting. (Multiple Choice)

- Report signed by CEO and/or a member of the board of directors, e.g., chairman.
- The assurance statement is an “External Audit” or “External Assurance” produced by assurance specialists (i.e., accountants, certifications bodies, specialist consultancies).
- The assurance statement contains a “declaration of independence.”
- The assurance statement is based on a recognized international or national standard (e.g., AA 1000AS, ISAE 3000).
- The scope of the assurance is clearly indicated in the assurance statement. If the assurance statement only covers some KPIs (but not all) it is easy for the reader to see which data / KPIs disclosed in the report has been assured (e.g., each KPI assured is marked with an “assurance” symbol/flag).
- The assurance statement contains a conclusion, i.e., either “reasonable assurance” or “limited assurance.”
- No reporting on social issues.
- Not applicable. Please provide explanations in the comment box below.
- Not known.

8. Social: Materiality

- Is your company publically reporting on the processes and tools used to identify and prioritize critical social issues within the sustainability strategy, including a consideration of impact on the company’s business performance (i.e., materiality analysis/matrix, portfolio matrix/analysis, company’s definition of “materiality”, description of the analytical framework)?
  - We report on this in the Corporate Sustainability report. Please provide supporting document or weblinks and indicate page.
  - We report on this in the main part of the Annual Report or equivalent financial reports (i.e., not in a separate CSR section of the Annual Report). Please provide supporting document or weblinks and indicate page.

- Is your company publically reporting on one or more concrete examples of how social initiatives have led to cost savings? Please indicate, if possible, both qualitative and quantitative examples.
o We report on this in the Corporate Sustainability report. Please provide supporting document or weblinks and indicate page.

o We report on this in the Annual Report or equivalent financial reports (i.e. not in a separate CSR section of the Annual Report). Please provide supporting document or weblinks and indicate page.

- Is your company publically reporting on one or more concrete examples of how social initiatives have generated additional revenues? Please indicate, if possible, both qualitative and quantitative examples.

  o We report on this in the Corporate Sustainability report. Please provide supporting document or weblinks and indicate page.

  o We report on this in the main part of the Annual Report or equivalent financial reports (i.e., not in a separate CSR section of the Annual Report). Please provide supporting document or weblinks and indicate page.

- No such reporting publically available.
- Not applicable. Please provide explanations in the comment box below.
- Not known.

9. Social: Coverage:

Is the coverage of the company’s publically available social reporting clearly indicated in the report or in the online domain? (single choice)

- Yes, please select the organizational coverage of the company's publicly available social reports from the dropdown list below:
  
  o >75% or ALL business operations
  o 50-75% or majority of business operations
  o 25-50% of some business operations
  o <25% of only one business operation

- No, the company reports on social issues, but no clear indication of coverage is available in the report or in the public domain.
- No reporting on social issues.
- Not applicable. Please provide explanations in the comment box below.
- Not known.

10. Social: Quantitative Data

Please evaluate the quantitative data on social issues included in other reports or on the company’s website (e.g. own publication, part of a sustainability /CSR report or of the annual report).

- Data

  o Social Performance Data: employees (diversity, remuneration, freedom of association, layoffs); at least 5 KPIs annually updated
  o Social Performance Data: community, corporate philanthropy; at least 3 KPIs annually updated
  o Social Performance Data: supply chain; at least 3 KPIs, annually updated

- No quantitative reporting on social issues OR no reporting on environmental issues.
- Not applicable. Please provide explanations in the comment box below.
- Not known.
APPENDIX 2: Sustainability Transparency and Disclosure Study Question/Region Breakdown

Source: S&P Dow Jones Indices, RobecoSAM. Data as of December 2013.

Questions 1-10 are fully explained in Appendix 1. Light teal bars represent regions with the highest score for this question in 2013.
S&P Dow Jones Indices | An In-Depth Study on Sustainability Transparency Practices Around the Globe

June 2014

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