

SUMMER IN THE CITY



3RD ANNUAL CSR INVESTING SUMMIT

Identifying Attribution in ESG



Summer in the City: CSR Investing Summit

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Sustainalytics ESG Framework



Preparedness

- Management systems and policies
- e.g. Health and Safety Programs, Programs/targets for Hazardous Waste Generation

Disclosure

- Disclosure of key ESG issues as part of industry initiatives
- e.g. Scope of GHG Reporting, Tax Transparency per country

Quantitative performance

- Targets and quantitative commitments, performance metrics
- e.g. Water Intensity, Environmental Fines and Penalties, Employee Turnover Rate

Qualitative performance

- Assessment of E,S,G controversies
- e.g. Operations controversies, Environmental supply chain controversies

Company Research Process



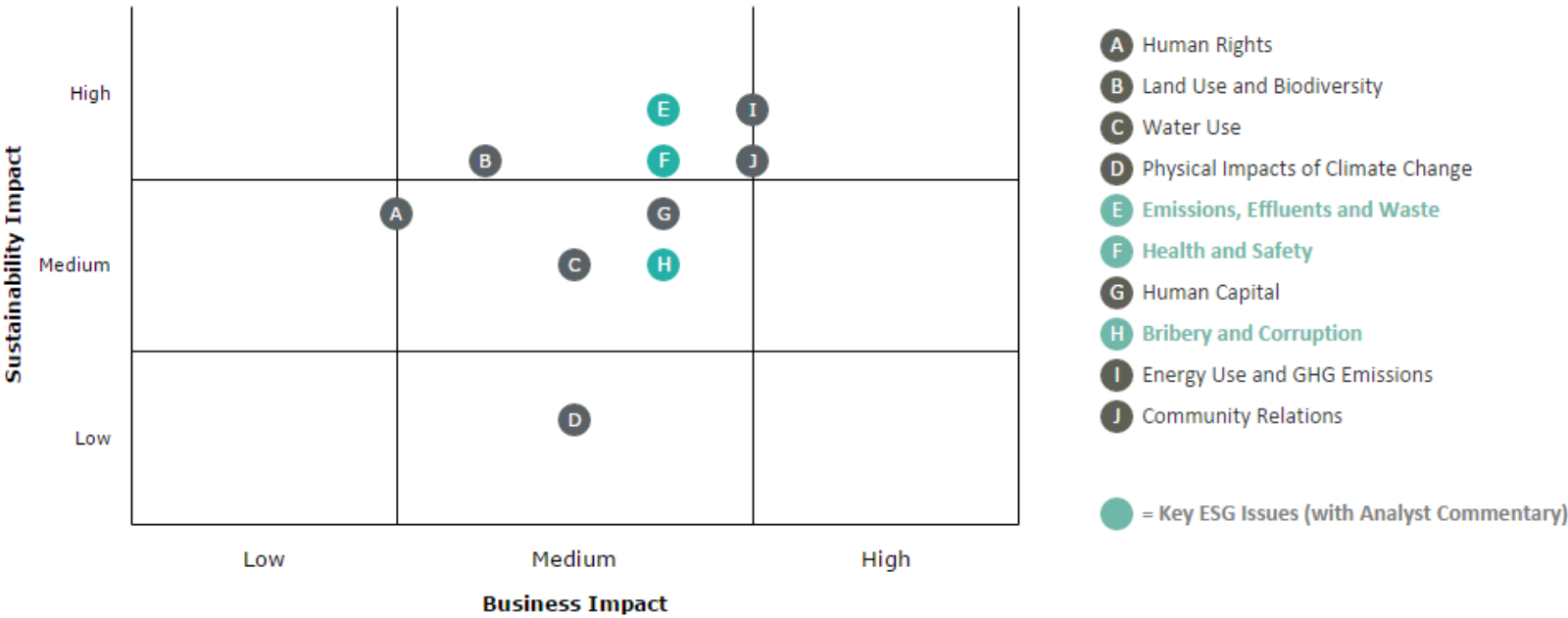
We assess company performance based on a broad set of indicators:

- Review of company reporting: annual reports, CSR reports, publicly available policies, etc.
- Review of external sources (Newspapers, NGOs, publications, etc.)
- Analysis by experienced analyst
- Structural peer review
- Company feedback always included in the research process
- Research process is underpinned by detailed and stringent Quality Management System

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- Materiality Matrix - Diversified Metals and Mining



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Materiality Matrix – Key Issues Assessed

Key ESG Issue	Indicator Name	Company Score (out of 100)	Peer Group Average	Leading Practice Average ⓘ	Leading Practice Gap ⓘ
Bribery and Corruption	Bribery & Corruption Policy	100	58	100	●
	Whistleblower Programmes	50	41	69	●
	Transparency on Government Payments	50	19	72	●
	Bribery and Corruption Events	Category 5	Category 0	Category 0	●
Emissions, Effluents and Waste	Environmental Policy	50	47	86	●
	Environmental Reporting	100	88	100	●
	Environmental Management System	80	71	100	●
	EMS Certification	30	47	100	●
	Air Emissions Programmes	25	29	64	●
	Other Environmental Programmes	100	68	100	●
	Environmental Fines & Penalties	0	80	100	●
	Emissions, Effluents and Waste Events	Category 4	Category 1	Category 0	●
Health and Safety	Health and Safety Management System	Research Underway	--	--	●
	HIV/Aids Programmes	100	40	100	●
	LTIR Trend	100	60	100	●
	Employee Fatalities	15	62	100	●
	Health and Safety Events	Category 4	Category 1	Category 0	●

● A negative to +25 point gap or Event Category 0-2

● A 26-74 point gap or Event Category 3

● A 75+ point gap or Event Category 4-5

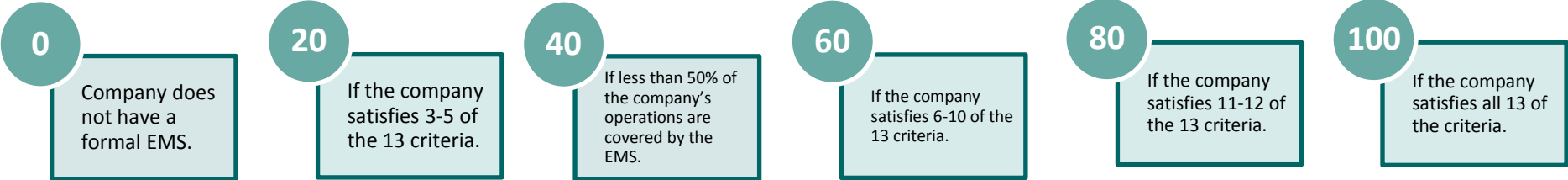
- Sustainalytics counts on a broad range of indicators that we assess across the E, S and G dimensions. There are two main types of scoring schemes for indicators — **binary** and **linear**.
- **Binary indicators:**
 - The possible raw scores for binary indicators are 0 or 100.
 - An example of a binary indicator is the G.1.3 UN Global Compact indicator (a company is a signatory to the UNGC or it is not).
- **Linear indicators:**
 - There are various possible raw scores for a linear indicator.
 - A company can score 0, 25, 50, 75, 100.
 - Examples of linear a indicator is S.2.1 Scope of Social Supplier Standards.

ESG Research: Scoring Methodology



Analysts determine the raw score of an indicator using internal guidelines for each indicator.

For example, in the case of indicator **E.1.2, Environmental Management System**, there are **13 criteria** analysts look for. For this example, there are specific thresholds that corresponds with the raw scores:



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■ Key Issue – Indicator level

Environmental Management System

	Raw Score	80
	Weight:	x 1.05 %
	→ Weighted Score:	0.84

The company has a strong EMS

In communication with Sustainalytics, Glencore reported that 55% of its sites are covered by a formal environmental management system.

Based on available evidence, Glencore's environmental management system addresses the following core elements:

- V Explicit governance structures are in place, with accountability to the executive team and/or the board of directors;
- V Identification of products, activities and services that have significant impacts on the environment;
- V Compliance with environmental regulation;
 - Objectives, targets and deadlines
- V Environmental programmes
- V Assigned roles and responsibilities;
- V Training and awareness programmes for employees;
- V Internal and external communications on environmental management issues;
- V Monitoring and measurement;
- V Environmental performance records;
- V External environmental audits, conducted at least every three years
- V Internal environmental audits, conducted at least every three years; and
- V Corrective actions to stimulate continual improvement.

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