

# S&P Dow Jones Sustainability

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**India Sustainability Conclave 2016**  
**FICCI, Federation House,**  
**New Delhi**

**S&P Dow Jones**  
**Indices**

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# Agenda

- Global Sustainability Trend
- Approach to Sustainability
- Dow Jones Sustainability Indices
- Other Sustainability Indices
- Indian Sustainability Indices

# Global Sustainability Trend

- At the beginning of 2014, Global Sustainable Investment Assets (SRI) were \$21.4 trillion – a 61% increase over the \$13.3 trillion identified in sustainable investing strategies at the outset of 2012 (Global Sustainable Investment Review 2014 by Global Sustainable Investment Alliance (GSIA))
- The rapidly growing list of signatories to the United Nations supported Principles of Responsible Investment (PRI) is a well-known indicator of the increasing awareness of ESG issues

Growth of SRI Assets (US\$ million) by Region 2012 – 2014			
Region	Growth	2014	2012
United States	75.72%	6,572.00	3,740.00
Canada	60.39%	944.94	589.14
Europe <sup>#</sup>	55.38%	13,607.64	8,757.52
Australia/New Zealand	34.24%	180.03	134.11
Asia <sup>*</sup>	31.74%	52.92	40.17
<b>Global</b>	<b>61.06%</b>	<b>21,357.53</b>	<b>13,260.94</b>

Source: Global Sustainable Investment Review 2014 by Global Sustainable Investment Alliance (GSIA); Table is provided for illustrative purposes

<sup>#</sup> Europe consists of Austria, Belgium, Finland, France, Germany, Italy, Netherlands, Norway, Poland, Spain, Sweden, Switzerland and the United Kingdom

<sup>\*</sup>Asia consists of Bangladesh, China, Hong Kong, India, Indonesia, Japan, South Korea, Malaysia, Pakistan, Singapore, Taiwan, Thailand and Vietnam

# SPDJI's Approach to Sustainability

## S&P Dow Jones Indices

### RobecoSAM

- Partnership producing the DJSI since 1999
- Corporate Sustainability Assessment (CSA) assesses more than 2000 companies covering major indices
- The CSA questionnaire features about 100 questions on economic, environmental and social issues

### Trucost Plc

- Founded in 2000
- Quantifies natural capital dependency across companies
- Covers 464 industries and tracks over 100 environmental impacts

Source :

<http://www.robecosam.com/en/sustainability-insights/about-sustainability/robecosam-corporate-sustainability-assessment.jsp>

<http://www.trucost.com/news-2015/220/Beyond-Ratings/sovereign-bonds/carbon-footprint>

<http://www.trucost.com/what-we-do>

<http://www.trucost.com/methodology>

## S&P Dow Jones Indices

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# SPDJI's Approach to Sustainability

## Benchmark

- Measures the performance of the market
- Example: Dow Jones Sustainability™ World Index

## Strategy

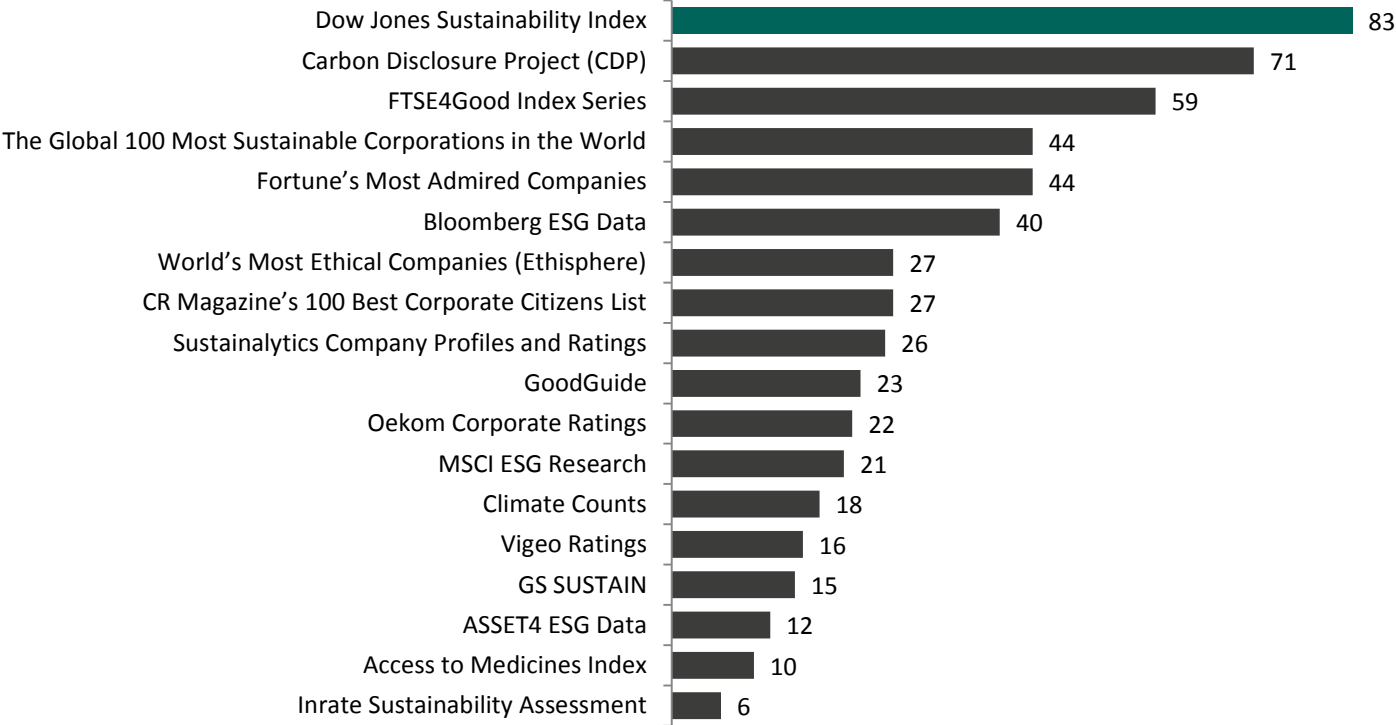
- ESG theme with Factor/Quant overlay
- Example: S&P Long-Term Value Creation (LTVC) Global Index

# Dow Jones Sustainability Indices

- Launched in 1999 as the first series of global sustainability benchmarks
- Tracks the performance of the stocks of world's leading companies in terms of economic, environmental and social criteria
- Only the most sustainable companies, in industries that meet certain minimum sustainability requirements, are selected for index membership
- Companies must continually intensify their sustainability initiatives to be included or to remain in the Indices
- Growing number of companies define inclusion in the DJSI as a corporate goal, because it publicly endorses their approach to addressing key long-term risks and opportunities, ultimately making them more attractive to investors
- DJSI have evolved into an effective engagement platform by creating vibrant competition among companies for index membership

# Dow Jones Sustainability Indices External Credibility

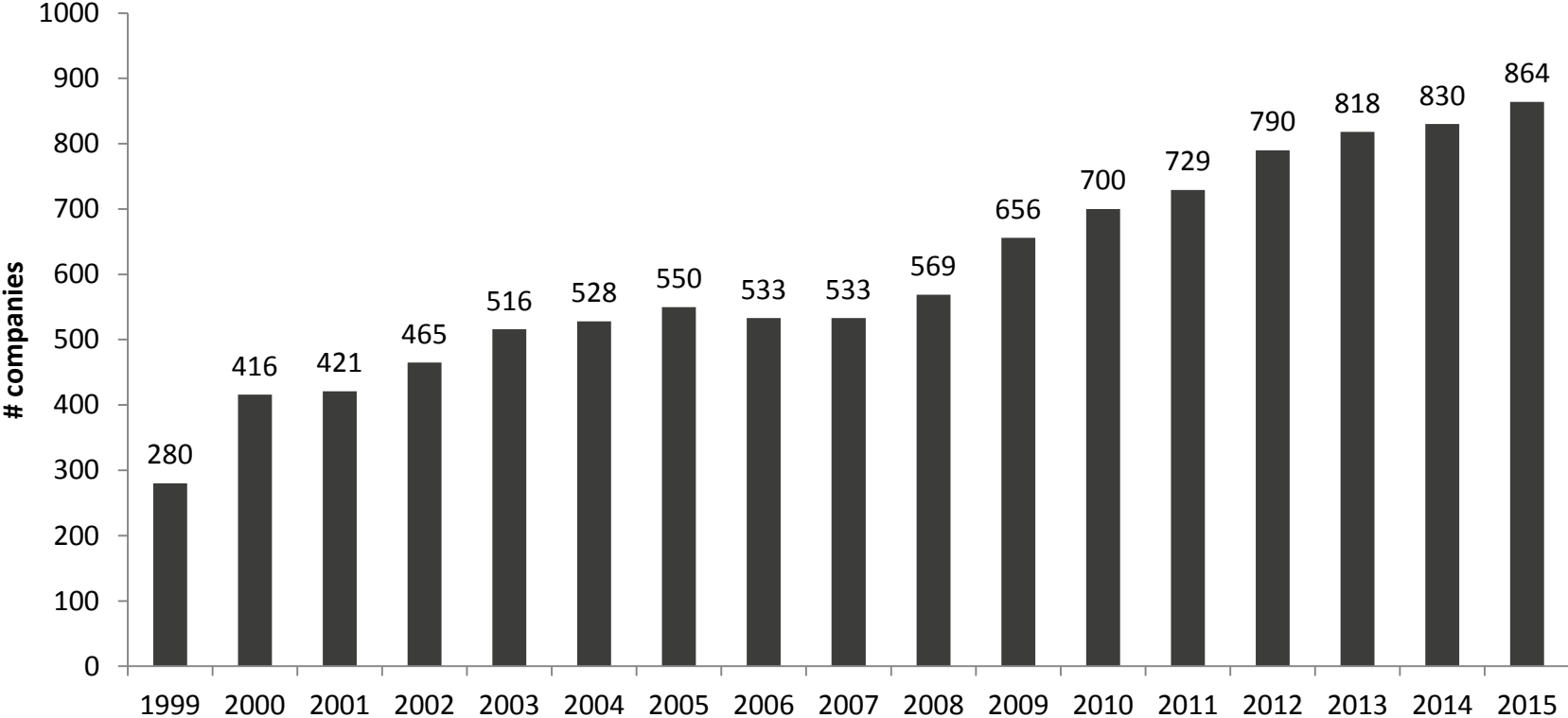
Number of experts somewhat familiar with Dow Jones Sustainability™ Indices



Source: SustainAbility (2013) "Rate the Raters 2013 – Polling the Experts" ; Chart is provided for illustrative purposes

# Dow Jones Sustainability Indices Companies Participation Trend

Increasing participation of companies in DJSI since 1999



Source: RobecoSAM Corporate Sustainability Assessment 1999-2015; Chart is provided for illustrative purposes



# Dow Jones Sustainability Indices

## Global Broad Market Indices (BMI)

- Dow Jones Sustainability™ World Index: track the performance of top 10% of the largest 2,500 companies in the S&P Global BMI based on long-term economic, environmental and social criteria

## Blue-Chip Indices

- Dow Jones Sustainability™ World 80 Index: tracks the performance of the 80 largest companies globally that are included in the Dow Jones Sustainability World Index

## Specialty/Screened Indices

- Dow Jones Sustainability™ World Index ex Alcohol, Tobacco, Gambling, Armaments & Firearms and Adult Entertainment: designed for investors seeking a global index that applies a sustainability best-in-class selection and ethical exclusions

## Diversified Indices

- Dow Jones Sustainability™ World Diversified Index: designed for investors seeking a global index that exhibits a sustainable tilt while minimizing country, industry and size biases relative to traditional global benchmarks

# Dow Jones Sustainability Region Weights

Type	Region	S&P Global BMI	DJSI World	DJSI World 80	DJSI World ex all*	DJSI World Diversified
Developed	North America	54.25%	32.30%	31.63%	34.56%	58.68%
	Europe	21.38%	51.28%	53.40%	47.97%	21.05%
	Asia Pacific	14.58%	12.88%	13.14%	13.91%	13.82%
Emerging	Asia Pacific	6.36%	2.28%	1.84%	2.17%	4.04%
	Latin America	1.41%	1.06%	0.00%	1.15%	1.02%
	Middle East and Africa	1.24%	0.21%	0.00%	0.24%	0.79%
	Europe	0.79%	0.00%	0.00%	0.00%	0.60%
<b>Weight of India</b>		<b>1.10%</b>	<b>0.33%</b>	<b>0.00%</b>	<b>0.12%</b>	<b>0.06%</b>

Source: S&P Dow Jones Indices. Data as of March 31, 2016. Charts are provided for illustrative purposes. It is not possible to invest directly in an index. Past performance is no guarantee of future results. This chart may reflect hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

DJSI World ex all\* : Dow Jones Sustainability World Index ex Alcohol, Tobacco, Gambling, Armaments & Firearms and Adult Entertainment

Developed North America consists of Canada and United States. Developed Europe consists of Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom. Developed Asia Pacific consists of Australia, Hong Kong, Japan, New Zealand, Singapore, South Korea

Emerging Asia Pacific consists of China, India, Indonesia, Malaysia, Philippines, Taiwan, Thailand. Emerging Latin America consists of Brazil, Chile, Colombia, Mexico, Peru. Emerging Middle East and Africa consists of Egypt, Israel, Qatar, South Africa, United Arab Emirates. Emerging Europe consists of Czech Republic, Greece, Hungary, Poland, Russia, Turkey

# Dow Jones Sustainability Sector Weights

Sector	S&P Global BMI	DJSI World	DJSI World 80	DJSI World ex all*	DJSI World Diversified
Financials	20.95%	22.55%	24.41%	24.76%	19.23%
Information Technology	14.80%	14.84%	10.16%	16.43%	15.25%
Consumer Discretionary	13.22%	6.96%	4.91%	7.31%	12.53%
Industrials	11.89%	11.12%	11.50%	7.89%	11.13%
Health Care	11.25%	18.17%	15.50%	19.46%	12.41%
Consumer Staples	9.78%	10.49%	11.63%	9.85%	10.92%
Energy	5.97%	4.54%	6.68%	5.21%	6.71%
Materials	5.21%	6.01%	8.42%	6.13%	4.64%
Telecommunication Services	3.48%	2.81%	3.96%	0.10%	3.92%
Utilities	3.45%	2.51%	2.84%	2.85%	3.26%

Source: S&P Dow Jones Indices. Data as of March 31, 2016. Charts are provided for illustrative purposes. It is not possible to invest directly in an index. Past performance is no guarantee of future results. This chart may reflect hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

DJSI World ex all\* : Dow Jones Sustainability World Index ex Alcohol, Tobacco, Gambling, Armaments & Firearms and Adult Entertainment

# Other Sustainability Indices

## S&P Fossil Fuel Free Indices

- S&P Global 1200 Fossil Fuel Free Index: measure the performance of companies in S&P Global 1200 that do not own fossil fuel reserves

## S&P Carbon Efficient Indices

- S&P Global 1200 Carbon Efficient Index: measure the performance of companies in S&P Global 1200 while overweighting/(underweighting) those companies that have lower/(higher) levels of carbon emissions

## S&P Long-Term Value Creation (LTVC) Global Index

- S&P Long-Term Value Creation (LTVC) Global Index: comprised of stocks ranking highly in global equity markets using both sustainability and financial quality criteria in the S&P Global LargeMidCap

## S&P Green Bond Index

- S&P Green Bond Index: Comprised of a universe of global bonds that are flagged “green” by Climate Bonds Initiative (CBI), with an additional filters applied

# Other Sustainability Indices Region Weights

Type	Region	S&P Global BMI	S&P Global 1200 Fossil Fuel Free	S&P Global 1200 Carbon Efficient	S&P Long-Term Value Creation (LTVC) Global
Developed	North America	54.25%	61.87%	60.96%	44.56%
	Europe	21.38%	22.85%	24.08%	34.13%
	Asia Pacific	14.58%	12.38%	12.02%	12.25%
Emerging	Asia Pacific	6.36%	1.91%	1.97%	5.99%
	Latin America	1.41%	0.98%	0.97%	0.57%
	Middle East and Africa	1.24%	0.00%	0.00%	1.56%
	Europe	0.79%	0.00%	0.00%	0.95%
<b>Weight of India</b>		<b>1.10%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

Source: S&P Dow Jones Indices. Data as of March 31, 2016. Charts are provided for illustrative purposes. It is not possible to invest directly in an index. Past performance is no guarantee of future results. This chart may reflect hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Developed North America consists of Canada and United States. Developed Europe consists of Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom. Developed Asia Pacific consists of Australia, Hong Kong, Japan, New Zealand, Singapore, South Korea

Emerging Asia Pacific consists of China, India, Indonesia, Malaysia, Philippines, Taiwan, Thailand. Emerging Latin America consists of Brazil, Chile, Colombia, Mexico, Peru. Emerging Middle East and Africa consists of Egypt, Israel, Qatar, South Africa, United Arab Emirates. Emerging Europe consists of Czech Republic, Greece, Hungary, Poland, Russia, Turkey

# Other Sustainability Indices Sector Weights

Sector	S&P Global BMI	S&P Global 1200 Fossil Fuel Free	S&P Global 1200 Carbon Efficient	S&P Long-Term Value Creation (LTVC) Global
Financials	20.95%	20.75%	18.94%	9.57%
Information Technology	14.80%	16.34%	15.12%	7.66%
Consumer Discretionary	13.22%	13.23%	12.31%	15.63%
Industrials	11.89%	11.83%	11.27%	14.55%
Health Care	11.25%	13.24%	12.20%	8.25%
Consumer Staples	9.78%	11.97%	10.97%	19.08%
Energy	5.97%	1.65%	7.07%	6.56%
Materials	5.21%	3.92%	4.78%	10.04%
Telecommunication Services	3.48%	4.34%	4.04%	6.45%
Utilities	3.45%	2.72%	3.30%	2.21%

Source: S&P Dow Jones Indices. Data as of March 31, 2016. Charts are provided for illustrative purposes. It is not possible to invest directly in an index. Past performance is no guarantee of future results. This chart may reflect hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

# Green Bond Index Weight

Type	Region	Domicile
Developed	North America	31.14%
	Europe	57.53%
	Asia Pacific	4.29%
Emerging	Asia Pacific	2.68%
	Latin America	2.28%
	Middle East and Africa	2.08%

Maturity	Weight
0 to 1	7.46%
1 to 3	14.82%
3 to 5	32.64%
5 to 7	15.54%
7 to 10	18.13%
10 to 15	6.42%
15 to 100	5.00%

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**Weight of India** 0.79%

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Source: S&P Dow Jones Indices. Data as of March 31, 2016. Charts are provided for illustrative purposes. It is not possible to invest directly in an index. Past performance is no guarantee of future results. This chart may reflect hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Developed North America consists of Canada and United States. Developed Europe consists of Austria, Denmark, Finland, France, Germany, Italy, Luxembourg, Netherlands, Norway, Spain, Sweden, United Kingdom. Developed Asia Pacific comprises Australia, Hong Kong, Japan, South Korea  
 Emerging Asia Pacific comprises China, India, Philippines. Emerging Latin America comprises Brazil, Mexico. Cayman Islands is included in Latin America for this slide. Emerging Middle East and Africa comprises South Africa, United Arab Emirates, Ivory Coast / Cote d'Ivoire.

# Indian Sustainability Indices

- S&P BSE CARBONEX is designed to measure the performance of the companies within the S&P BSE 100 based on their commitment to mitigate risks arising from climate change. Carbon factors are provided by RobecoSAM
- Weights of the constituents are adjusted (tilted) to reflect their climate risk relative to industry peers i.e. the index is industry neutral
- S&P BSE GREENEX is designed to measure the performance of the top 25 “Green” companies in terms of Greenhouse Gases (GHG) emissions, market capitalization and liquidity within S&P BSE 100. GHG emission numbers are provided by Trucost
- Individual Constituent's weight is capped at 6%



# Indian Sustainability Indices Sector Weights

Sector	S&P BSE 100	S&P BSE CARBONEX	S&P BSE GREENEX
Financials	28.23%	28.49%	25.03%
Information Technology	14.72%	14.91%	12.37%
Consumer Staples	11.06%	10.83%	6.03%
Consumer Discretionary	10.53%	10.02%	17.98%
Energy	9.54%	9.61%	0.00%
Health Care	7.35%	7.19%	15.22%
Materials	6.84%	6.98%	7.52%
Industrials	6.17%	6.30%	5.90%
Utilities	2.93%	2.95%	5.23%
Telecommunication Services	2.64%	2.73%	4.71%

Source: S&P Dow Jones Indices. Data as of March 31, 2016. Charts are provided for illustrative purposes. It is not possible to invest directly in an index. Past performance is no guarantee of future results. This chart may reflect hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

# S&P BSE CARBONEX SCORE

Sector	S&P BSE 100	S&P BSE CARBONEX	% of S&P BSE 100
Information Technology	11.23	11.62	103.45%
Consumer Staples	4.10	4.41	107.60%
Financials	3.80	4.64	121.91%
Consumer Discretionary	3.35	3.97	118.42%
Energy	2.80	2.95	105.19%
Materials	2.19	2.75	125.56%
Industrials	2.02	2.59	128.10%
Health Care	0.83	1.04	124.94%
Utilities	0.55	0.72	132.85%
Telecommunication Services	0.41	0.48	116.86%
<b>Grand Total</b>	<b>31.29</b>	<b>35.16</b>	<b>112.40%</b>

Source: S&P Dow Jones Indices, RobecoSAM. Data as of December 31, 2015. Charts are provided for illustrative purposes. It is not possible to invest directly in an index. Past performance is no guarantee of future results. This chart may reflect hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Score as provided by RobecoSAM on a scale from 0 to 100

# S&P BSE GREENEX EMISSION

Sector	S&P BSE 100	S&P BSE GREENEX	% of S&P BSE 100
Utilities	293.97	9.39	3.20%
Materials	284.44	111.35	39.15%
Energy	160.50	0.00	0.00%
Consumer Discretionary	8.36	3.51	42.01%
Consumer Staples	6.46	2.70	41.83%
Industrials	5.41	0.86	15.90%
Health Care	1.95	0.82	41.80%
Information Technology	1.78	1.01	56.55%
Financials	1.07	0.24	22.07%
Telecommunication Services	0.62	0.37	59.42%
<b>Grand Total</b>	<b>764.56</b>	<b>130.24</b>	<b>17.04%</b>

Source: S&P Dow Jones Indices, Trucost. Data as of December 31, 2014. Charts are provided for illustrative purposes. It is not possible to invest directly in an index. Past performance is no guarantee of future results. This chart may reflect hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Emission is measured as 10<sup>6</sup> tCO<sub>2</sub>e (Carbon Di Oxide Equivalent)

# Thank you

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# Performance Disclosure

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Index	Launch Date	Index	Launch Date
S&P Global Broad Market Index (BMI)	December 31, 1992	S&P Global 1200 Fossil Fuel Free Index	August 28, 2015
Dow Jones Sustainability™ World Index	September 8, 1999	S&P Global 1200 Carbon Efficient Index	August 20, 2015
Dow Jones Sustainability™ World 80 Index	August 26, 2008	S&P Long Term Value Creation (LTVC) Global Index	January 11, 2016
Dow Jones Sustainability™ World Index ex Alcohol, Tobacco, Gambling, Armaments & Firearms and Adult Entertainment Index	July 1, 2008	S&P Green Bond Index	July 31, 2014
Dow Jones Sustainability™ World Diversified Index	May 30, 2013	S&P BSE CARBONEX Index	November 30, 2012
		S&P BSE GREENEX Index	February 22, 2012

All information presented prior to the launch dates is back-tested. Back-tested performance is not actual performance, but is hypothetical. The back-test calculations are based on the same methodology that was in effect when the index was officially launched. Complete index methodology details are available at [www.spindices.com](http://www.spindices.com)

S&P Dow Jones Indices defines various dates to assist our clients in providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the Index is set at a fixed value for calculation purposes. The Launch Date designates the date upon which the values of an index are first considered live: index values provided for any date or time period prior to the index's Launch Date are considered back-tested. S&P Dow Jones Indices defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company's public website or its datafeed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed "Date of introduction") is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index's public release date.

Past performance of the Index is not an indication of future results. Prospective application of the methodology used to construct the Index may not result in performance commensurate with the back-test returns shown. The back-test period does not necessarily correspond to the entire available history of the Index. Please refer to the methodology paper for the Index, available at [www.spdji.com](http://www.spdji.com) for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations.

Another limitation of using back-tested information is that the back-tested calculation is generally prepared with the benefit of hindsight. Back-tested information reflects the application of the index methodology and selection of index constituents in hindsight. No hypothetical record can completely account for the impact of financial risk in actual trading. For example, there are numerous factors related to the equities, fixed income, or commodities markets in general which cannot be, and have not been accounted for in the preparation of the index information set forth, all of which can affect actual performance.

The Index returns shown do not represent the results of actual trading of investable assets/securities. S&P Dow Jones Indices LLC maintains the Index and calculates the Index levels and performance shown or discussed, but does not manage actual assets. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the Index performance shown. As a simple example, if an index returned 10% on a US \$100,000 investment for a 12-month period (or US \$10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US \$1,650), the net return would be 8.35% (or US \$8,350) for the year. Over a three year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US \$5,375, and a cumulative net return of 27.2% (or US \$27,200).

## S&P Dow Jones Indices

## General

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# Appendix 1



- Since 1999, RobecoSAM has been providing the ESG scores that determine the composition of various Dow Jones Sustainability Index (DJSI) families.
- Headquartered in Zurich, with 120 employees, RobecoSAM is one of the strongest brands in sustainability research and asset management globally.
- As evidence of this “good investor business” aspect, it is worth noting that, in addition to supporting indices for passive investment, RobecoSAM runs its own significant active management business based on proprietary sustainability criteria
- RobecoSAM’s focus is on “measuring intangibles”: their approach to sustainability is to seek out, and quantify, non-financial factors that have long-term financial implications. Their analysis is based on two guiding principles:
  - Sustainability analysis should be based on the principle of financial materiality, i.e., focus on factors that are critical to the creation of long-term shareholder value in a specific business model
  - To generate reliable data in the most cost-efficient way, sustainability analysis needs to be done via engagement with corporates, where they are suggested to provide responses to detailed and industry-specific questionnaires along with the underlying documents, complemented by significant checks of publicly available information



# Appendix 2



**Trucost is a world's leading provider of carbon and environmental data and research with 15 years of experience**

**Carbon efficiency in the S&P indices is determined by company's carbon footprint, which is calculated by Trucost as a company's total a direct and first level indirect (almost Scope 3) greenhouse gas (GHG) emissions on a revenue-adjusted basis**

- **Trucost is the only research provider who tabulates emissions on the basis of the proprietary "Input-Output model". The model is taking into account the resources a company and its supply chain uses, activities the company is engaged in, and products a company produces.**
- **Results are verified with companies for their feedback via company engagement process**
- **By doing this, Trucost is able to get the proxy carbon footprint data for those companies who do not report it. Even large companies don't always report scope 2 emissions, and very few report systematically on their supply chain emissions. They are also able to check this data point with companies**
- **The model has been developed over the last decade by a team of leading environmental economists in collaboration with pension funds such as the UK Environment Agency Pension Fund, EAPF, FRR, AP funds, ERAFP and VicSuper**
- **It is extremely granular, covering 464 different business activities, and is based on bottom up and top down data**
- **It is particularly important for creating carbon optimised indices where wide benchmarks need to be covered**
- **Trucost also has information for a variety of other environmental indicators, i.e. water, waste and pollutants. This is the basis of another proprietary methodology, the attribution of the cost of natural capital**

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