Media Information Note:

People, Energy and Climate top the list
...as eRevalue joins Materialitytracker

Cape Town, Zurich, London, 7 December 2016 - People, energy and climate were the top material issues for leading sustainability corporates in 2016. This appeared from a manual and automated analysis of sustainability, integrated and annual reports of the 24 Industry Group Leaders of the Dow Jones Sustainability Index (DJSI) of 2016.

The analysis expanded the manual analysis performed by Matrialitytracker since two years, with an additional automated analysis done by eRevalue's narrative data analytics platform, Datamaran. The analysis was done as eRevalue joined the Center for Corporate Governance and BSD Consulting as institutional partners of the world online hub for materiality trends and standards. "The impressive collection of standard requirements and trends that can be found at Materialitytracker, combined with our business intelligence platform Datamaran, which tracks key regulatory, competitive and emerging topics emphasized by publicly listed corporations in their reporting, is an ideal match. We are excited about joining the online hub, and helping more businesses to improve their corporate reporting" said Marjella Alma, Chief Executive Officer of eRevalue.

In the new analysis of 2016 a comparison was made of what the 24 Industry Group Leaders formally state to be their most material topics, as decided through stakeholder engagement, and what they most talk about in their reports covering the year 2015-2016. What is formally stated was determined based on manual analysis, and compared with automated analysis of what is most emphasized, based on eRevalue's comprehensive business analytics tool, Datamaran.

From the formal positions it was evident that the top issues include how companies manage their people and energy, accompanied by high prioritization of human rights in the form of diversity and inclusion, ethics and corruption, the health and safety of employees, and ensuring related standards in global supply chains. "The importance of securing sustainability standards in supply chains comes as no surprise to us. It is an area in which we have worked with corporates since the 1990s, and it is evident that consumers demand greater assurance of conditions under which product supplies have been developed abroad," said Peter Teuscher, Managing Director of BSD Consulting.

Human resources (including talent management) again moved to the top of the list for the 24 DJSI Industry Group Leaders of 2016. Second position among the top 20 topics across sectors was taken by Supply Chains (including responsible management and traceability), followed this year by climate and energy in third position. Furthermore, there were some important differences between what companies formally state to be their top material topics and what topics they

most talk about in their annual sustainability reports (SRs) and integrated reports (IRs).

The analysis showed that leading corporates devote more attention to Corporate Governance in annual reports (ARs), with higher emphasis placed on the topics employee benefits, shareholder activism, investor relations, board composition and executive compensation (found among the top 20 topics). "The latest findings highlight that there is much room for improvement still in reporting integration, making the link between performance in corporate governance and performance related to the environmental and social agenda. We are delighted that eRevalue is joining us in keeping track of progress, including the identification of key risks and opportunities in a more connected world of information overload," said Daniel Malan, Director of the Centre for Corporate Governance in Africa at Stellenbosch University Business School.

While the top 20 topics formally stated as most material in IRs or SRs include external development-related topics such as community impact, environmental stewardship, improved access, food and nutrition as well as public health and education, these topics do not feature among the top 20 topics more emphasized in both annual non-financial and financial reports. They are rather addressed in an internal, business operational context (for example employee health and training) or addressed broadly through a reference to human rights. This implies that external developmental issues are not addressed in much detail in reporting by the 24 sustainability leaders. This poses a challenge for the new Sustainable Development Goals (SDGs) agreed under auspices of the United Nations, even though topics associated with them are formally recognized as key material topics by the leading sustainability corporates.

Also of interest are the reporting types or self-declared titles the 24 Industry Group Leaders give their reports. Apart from examining financial ARs by all, the core of the analysis was focused on (based on availability) three companies with IRs, four companies with AR only (but including sustainability information), 14 companies with one AR and one SR, one company with only an SR (alongside quarterly financial reports), and two companies with only an AR (one releasing an SR biennially and one with only web-based sustainability reporting to complement the AR).

The 2016 results and new partnership was published at the time of the annual conference of the International Corporate Governance Network (ICGN) and International Integrated Reporting Council (IIRC), held in London on 6-7 December 2016.

For more information and a listing of the top 20 material topics identified from the manual and automated analysis of the SRs, IRs and ARs of the 24 DJSI Industry Group Leaders, see: http://www.materialitytracker.net/results/djsi-industry-leaders-2016

On the methodology:

<u>Manual Analysis</u>
The manual analysis was done of reporting by the 24 DJSI Industry Group Leaders as announced by RobecoSAM in September 2016. A manual analysis was done of the reporting (mostly SRs and IRs, and ARs in 4 cases) to identify what the 24 companies formally state to be their most material topics for the reporting year (2015-2016).

<u>Automated Analysis (using narrative data analytics)</u>
An automated analysis of the same reports (SRs, IRs and ARs of the same 24 companies) was performed by eRevalue's narrative data analytics platform, covering the same reporting year. This detected the topics most emphasized**. The Datamaran ontology is dynamic i.e. topics are amended and more topics included over time to ensure results reflect current developments for continuous relevance.

Related terms (such as GHGs, CO_2, carbon) are detected and aggregated. The related count is then normalized with reference to the size of the report, prevalence relative to other topics mentioned in the same report, plus a weighing is performed, based on the location of the term within the report (e.g. mention of GHGs in environmental chapter; or mention in CEO Foreword).

eRevalue has an online database of 45,000 corporate reports of publicly listed companies, and can provide further sectoral analysis for clients.

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[*] Topic emphasis is described as High, Medium, Low or No Mention. High topics are those with a high number of hits in each source and/or frequently included in key sections of the source. Medium topics are those with a moderate number of hits in each source and/or included in key sections of the source, though found rarely otherwise. Low topics are those with a low number of hits in each source and are not included in key sections of the source