

# SUSTAINALYTICS

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**Activity:** Responsible Investment Research firm  
**Legal status:** Company  
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## Activities

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### ▶ Products and services to investors

- Analysis/ rating
- Investment research and consulting
- Information provision
- Stock indexes
- Benchmarks
- Alert system
- Portfolio screening
- Company profiles
- Proxy voting services
- Sector and thematic research reports
- Participation in the creation of ethical stock indexes

### ▶ Universe:

Coverage of major global indices (developed markets and emerging markets)

### ▶ Coverage

- Large-cap companies
- Non-listed large companies
- Small and mid-cap companies
- Non-listed SMEs
- Investment projects
- Local authorities
- Countries

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### ▶ Products and services to companies

- Analysis/ rating
- Sector and thematic research
- Information provision
- Consulting
- Certification
- Audit
- Benchmarks
- Training
- Writing Sustainable Development reports or other, specify:

▶ **Universe:** Coverage of major global indices (developed markets and emerging markets)

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### ▶ Other services

- Contribution to conferences
- Communication - Publication
- Stakeholder dialogue
- Contribution to sustainability reports
- Engagement / Dialogue with companies
- Other:

## Organisation background and structure

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### ▶ History and experience

Sustainalytics has been active in responsible investment and traditional socially responsible investment markets for almost 20 years, with Dutch Sustainability Research (the Netherlands) and Jantzi Research (Canada) being the two oldest entities which merged in August 2009. Founded by

Michael Jantzi in 1992, Jantzi Research became a pioneer in the field of ESG research and the leading provider of research and services to responsible investors in Canada. In August 2009, the company merged with its Amsterdam-based research partner, Sustainalytics, to form a new global firm branded as Sustainalytics.

Today, Sustainalytics is a leading global provider of environmental, social and governance (ESG) research and analysis for investors and financial institutions. We provide a global perspective, underpinned by nearly 20 years of local experience and expertise in the responsible investment market. Sustainalytics strives to continuously provide high-quality solutions and commits to remain responsive to the current and future needs of our clients. In 2010, Sustainalytics was voted Best ESG Research House by IPE/TBLI in 2010.

#### ▶ **Geographical implementation**

Sustainalytics is headquartered in Amsterdam, has offices in Boston, Frankfurt, Madrid, Paris, Timisoara and Toronto; and has representatives in Brussels and Copenhagen.

#### ▶ **Structure of capital**

Sustainalytics is owned by Triodos Bank, PGGM, ABN AMRO, renewal partners, Michael Jantzi and senior staff.

#### ▶ **Governance**

- **Executive Team:** Sustainalytics' Executive Team includes Michael Jantzi (CEO), Bob Mann (COO), Diederik Timmer (Managing Director Europe), Hans-Ulrich Beck (Global Director, Research), Simon MacMahon (Global Director, Advisory Services) and Nynke Doorenbos (Global Director, Human Resources and Operations)

- **Board members:** Sustainalytics' Board members are Else Bos (PGGM), Alan Broadbent (Avana Capital), Bas Ruter (Triodos), Glen Saunders (PRI) and Mike Musuraca (pension and corporate governance consultant)

- **Deontology:** Sustainalytics defined compliance procedures to assure the transparency of its research process, to assure the confidentiality of information and data and to prevent conflicts of interest. The company has developed and operates a quality management system (QMS) that covers all research activities. Furthermore, Sustainalytics is a member of the Association for Independent Corporate Sustainability and Responsibility Research (AI-CSRR).

- **Annual income:** N/A

#### ▶ **Staff structure**

- Total staff: 90+
- Number of full time analysts: 50+
- Number of full time auditors: N/A
- Subcontracting: N/A

#### ▶ **Memberships**

- AI CSRR (Association for Independent Corporate Sustainability and Responsibility Research)
- Eurosif
- National SIFs (Sustainable Investment Forum) in the US, Canada, Australasia, Belgium, France, UK, Eurosif, Netherlands, Germany, Spain, Denmark.
- PRI (Principes Responsible Investment)
- Academics network, specify:

#### ▶ **Professional partnerships**

In 2011, Sustainalytics formed a strategic partnership with Sustinvest, Korea's leading responsible investment research and consulting firm. Together, the two firms provide responsible investors in Korea with global environmental social and governance (ESG) analysis. The firms will also be exploring new products and services for the Korean market, including an ESG ranking of Korean companies that will be published in 2012.

### ▶ **Partnerships with producing organisations of stock indexes**

STOXX Limited launched the STOXX Global ESG Leaders Index family, an innovative series of ESG (environmental, social and governance) indices which is based on sustainability analysis provided by Sustainalytics. The new index family will set standards in terms of full transparency and comprehensiveness in the ESG indexing space.

### ▶ **University Partnerships**

Sustainalytics has established partnerships with several universities around the world, including Erasmus University and the University of Tilburg (NL), the Ivey School of Business of the University of Western Ontario and the Schulich School of Business (Canada).

## **Products and Services**

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### ▶ **Description and theme of products and services**

Sustainalytics is fully dedicated to providing ESG research and services for our clients, our service offering allows for a large degree of flexibility. Sustainalytics provides clients with (pro-)active support and encourages them to make full use of the knowledge of our senior staff, sector specialists and analysts.

#### **Solutions for investors (research and analysis)**

- ◆ Company Research (Global Platform)
- ◆ Country Research
- ◆ Industry Reports
- ◆ Thematic Research
- ◆ Indexes
- ◆ Global Compact Compliance Service
- ◆ Controversial Weapons Radar

#### **Solutions for investors (advisory)**

- ◆ Responsible Investment Policy Development
- ◆ PRI Advisory Service
- ◆ Engagement support
- ◆ Portfolio reviews, screening and compliance

#### **Solutions for corporate (benchmarking and training)**

- ◆ GRI Training courses
- ◆ Sustainability Industry Intelligence
- ◆ Sustainability Competitor Intelligence
- ◆ Sustainability Stakeholder Intelligence
- ◆ Sustainability Market Intelligence

#### **Solutions for civil society**

- ◆ Partnership, donor and sponsorship risk assessments

### ▶ **Speciality-ies**

Sustainalytics primarily provides ESG research to financial institutions such as banks, asset managers, mutual funds, and pension funds

### ▶ **Objective**

We help clients turn vast quantities of environmental, social and governance information into insightful, value-added analysis to enable more informed investment and business decisions.

### ▶ **Approach**

Sustainalytics has a wealth of experience in working together with a diverse set of clients and we fully understand the specific needs of institutional clients and investment issues around Environmental, Social and Governance (ESG) topics. Sustainalytics believes in a full service

approach: our wide range of products and services combined with a dedicated and experienced staff are essential parts of this full service concept.

We believe the following aspects are representative of what Sustainalytics stands for:

◆ **Independent and Completely Dedicated to Conducting Research**

We are an independent firm that conducts research and analysis on the sustainability performance of companies. We have no in-house portfolio or asset management activities.

◆ **Experienced and Highly Educated Analysts**

In total, Sustainalytics has more than 50 in-house analysts conducting research. Our analysts are located in Amsterdam, Boston, Frankfurt, Madrid, Timisoara, and Toronto.

◆ **Objectivity and Quality**

Sustainalytics has a stringent Quality Management System (QMS) that ensures clients receive research that is objective and meets the highest quality standards.

◆ **Active Dialogue**

As part of the standard research process, we conduct an active dialogue with all companies we research. Sustainalytics has many years of experience in this field, and we have longstanding relationships with the relevant individuals at companies.

◆ **Innovative and Client Focused**

Sustainalytics sees working with clients as a partnership, and has extensive experience in translating complex requirements into tailored and easy to use products and services.

▶ **Methodology**

Sustainalytics thoroughly evaluates and analyses companies on their ESG performance using targeted sector-specific ESG indicators. Our analysis is supported by a comprehensive set of data gathered through a variety of primary and secondary sources, and specialized third-party data providers. We apply a rigorous quality assurance process through which we engage with companies to verify facts and clarify information.

The Sustainalytics model incorporates between 60 and 100 indicators, weighted according to the industry in which they are operating. These include a broad range of core and industry-specific indicators that address sustainability policies, management systems and performance outcomes.

The research process consists of: 1. Collection of company information; 2. Screening on controversies; 3. Dialogue with company; 4. Collecting stakeholder information; 5. Internal quality control; 6. Submitting draft profile to company for feedback; 7. Quality control.

▶ **Analyse process of informations**

## ► Criteria

### Exclusionary criteria

The following product indicators may be included in the screening criteria used by our clients:

Adult entertainment  
Alcohol  
Controversial Weapons  
Firearms  
Fur and Specialty Leather  
Gambling  
Genetically Modified Organisms  
Military Contracting  
Nuclear Power Generation  
Nuclear Power Related Services  
Pesticides  
Tobacco

Whether or not these criteria are used for exclusions depends on the clients' screening criteria. Sustainalytics tracks involvement in these areas in order to assist its clients in applying their criteria.

### Sector-specific criteria

Sustainalytics' analytical framework and ESG metrics are based on a wide variety of international initiatives and frameworks, ranging from international standards for ESG-related management systems, initiatives such as the Global Compact, international conventions such as the ILO labour standards, certification schemes, and multi-stakeholder initiatives that have produced sector specific or thematic standards.

Sustainalytics' robust analytical framework addresses a broad range of macro-level ESG issues and trends that have a significant, and material, impact on each industry and company, creating both risks and opportunities for investors.

Sustainalytics makes use of an extensive research framework through a template of indicators, including some industry specific indicators and some generic indicators that are applied to each company in the given industry. Each template typically includes 70-90 indicators. The scores for each indicator are aggregated using a weighting matrix to produce scores at the topic and theme levels and for the company overall. The weights can be fully customised to clients' needs and preferences.

### ► Verification

Companies have the opportunity to provide feedback on their profile.

Validation data with stakeholders:

Which:  NGOs  
 Trade-unions  
 Authorities

## ► Sources of information

### Companies

News reports, NGO reports, company reports, legal documents, company feedback: systematically  
Rate of answer: rate higher in development markets (50-75%), emerging markets (bottom part of that range)  
Average time to answer: 4 weeks  
Interviews: occasionally  
Visits of sites: occasionally

**Stakeholders:** Trade-unions, NGOs

Questionnaire: occasionally

Interviews: occasionally

*Public information:* systematically

*Databases:* newspapers, newspaper databases (e.g. Factiva), social and environmental databases, financial databases (e.g. Capital IQ), government databases, specific search engines, etc.

### ► Rating review

quarterly  
 bi-annually  
 annually

### ► Alert system

Yes. Sustainalytics offers the alert service to provide investors with a report that lays out companies' controversies and incidents. We collect and classify relevant information from over 4.000 news sources on a monthly basis. The alert service contains timely, relevant and sourced information. This means that our focus is on getting the news issue to clients regularly, so that they can take it into account in their investment processes. The information is identified based on relevance with Environmental, Social and Governance criteria set, and classified into themes.

▶ **Research and rating Schedule**

Average time of analysis by organization: 20 hours

The rating process planning is organized by peer group.

▶ **Financial performances**

Sustainalytics does not track financial performance of companies.

▶ **SRI stocks Indexes**

The Jantzi Social Index was created in 2000 and gathers 60 companies from S&P/TSX composite index. The index is monitored constantly and undergoes a full review on a quarterly basis.

## Client services

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▶ **Clients**

- ◆ *Investors*: pension funds, investment funds, asset managers, insurance companies
- ◆ *Corporates*: Listed and non-listed companies
- ◆ *Civil society*: NGOs, charities

▶ **Access to analysts for clarification of results at any time**

Yes. Clients are encouraged to have direct contact with our analysts for clarification, additional information or support for the implementation of ESG criteria in the investment process. Analysts support is considered part of our partnership with clients.

▶ **Information about changes in the analysis process**

Yes, Sustainalytics informs clients about process changes. In case of major changes, clients are consulted before these changes are implemented (case-by-case basis).

▶ **Information about changes in the company's rating**

Yes, clients receive a monthly alert report that emphasizes a company's latest controversies or incidents.

▶ **Publication and confidentiality of results**

- ◆ Company's ratings are not disclosed publicly.
- ◆ Sustainalytics does not sign confidentiality clauses with companies.

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