

# Dow Jones Sustainability Indexes



Annual Review  
September 6, 2007

A cooperation of Dow Jones Indexes, STOXX Ltd. and SAM



# Food for Thought ...

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„55% of managers would avoid initiating a very positive net present value project if it meant falling short of the current quarter's consensus earnings“

Source: Graham, John et al. (2004): The Economic Implications of Corporate Financial Reporting, NBER Working Paper No. 10550, June 2004

# Content

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- Key Facts
- Research Highlights 2007
- Dow Jones Sustainability World Index
- Dow Jones STOXX Sustainability Index
- Dow Jones Sustainability North America Index

# SAM in Brief

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- **Specialised Investment Group for Sustainability Investments**  
Founded 1995
- **Strategic Cooperation SAM – Robeco**  
Creating the world's leading platform for sustainability investments
- **70 Employees worldwide with Headquarters in Zurich**
- **CHF 13bn Assets under Management and Advice**  
CHF 6.1bn Assets under Management; CHF 6.5bn Assets under Advice (Licenses);  
49% p.a. growth in assets since 2002
- **First Swiss Company with Carbon Neutral® Status (2001)**

# SAM – Indexes

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- Cooperation with Dow Jones Indexes and STOXX for the publication and licensing of the **Dow Jones Sustainability Indexes (DJSI)**. Launch in 1999.
- Broad family of DJSI benchmarks including **global, European, Eurozone, North American, and US** indexes.
- **Over 5 billion USD** in DJSI-based investment vehicles.
- Launch of the **Australian SAM Sustainability Index (AuSSI)** in 2005.
- Launch of further indexes (e.g. **DJ Islamic Market Sustainability Index, World Water Index, World Solar Energy Index**) in 2005 and 2006.

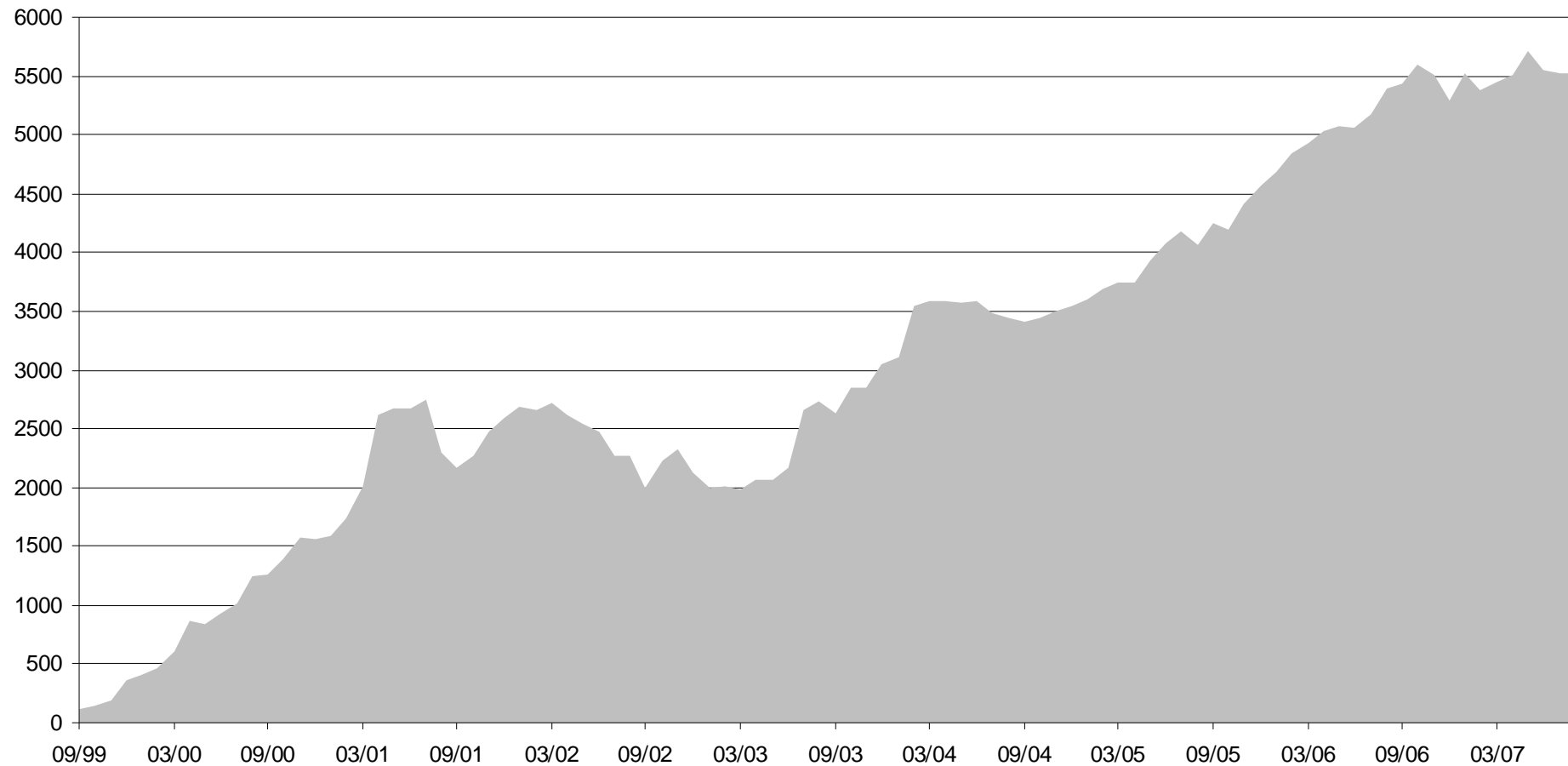
# DJSI – Overview

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- Integrated assessment of **economic, environmental** and **social criteria** with a strong focus on **long-term shareholder value**.
- Consistent **rules-based methodology**, primary research (direct contact to companies).
- Focus on **best-in-class** companies. Yearly review and continuous monitoring of companies.
- **Assurance** of the assessment process by **PwC**.

# DJSI – Assets

Assets based on DJSI (in million USD)



# DJSI – Licensees

as of August 31, 2007

Aegon (NL)	Kepler Fonds (AT)
Ahorro (ES)	Mandatum Asset Management (FI)
Baloise Insurance (CH)	MEAG Munich Ergo (DE)
Banca IMI S.p.A. (IT)	Metzler Asset Management (DE)
BNL Gestioni (IT)	Nikko Asset Management (JP)
BT Financial Group (AU)	OP Fund Management Company (FI)
CIC Asset Management (FR)	Pioneer Investments Austria (AT)
Credit Agricole Asset Management Japan Ltd. (JP)	Rabo Bank (UK)
Credit Suisse Asset Management (CH)	SAM Sustainable Asset Management (CH)
Credit Union Central Alberta (CA)	Sella Gestioni (IT)
Credit Union Central of Ontario (CA)	SH Asset Management (South Korea)
Danske Invest (DK)	Sparinvest (DK)
Deutsche Bank (DE)	State Street Global Advisors (US)
Deutsche Postbank (DE)	Synchrony Asset Management (CH)
Dresdner Kleinwort (UK)	TD Asset Management (CA)
DWS (DE)	Theodoor Gilissen Bankiers (NL)
DZ Bank (DE)	UBS Deutschland AG (DE)
Folksam Sak (SE)	UBS Global Asset Management (Japan) Ltd
Fortis Investment Management (BE)	Union Investment (DE)
Handelsbanken (SE)	Vontobel (CH)
HypoVereinsbank (DE)	VZ VermögensZentrum (CH)
INDEXCHANGE Investment (DE)	WestAM (DE)
ING (BE)	WestLB (DE)
Invesco (DE)	



# DJSI – Assessment Universe 2007

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## Number of invited and assessed companies

- DJSI World Universe = 2,500
- DJSI STOXX Universe = 600
- DJSI North America Universe = 600
- Invitations sent = 2,511
- Companies analysed globally = 1,052
  - North America: 421
  - Latin America: 18
  - Europe: 367
  - Japan: 135
  - Asia ex Japan: 62
  - Australia / New Zealand: 41
  - South Africa: 8
- Companies completing questionnaire = 521
- Companies analysed based exclusively on public information = 531

# DJSI – Key Insights 2007

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## Cross-Industry

Leaders continue to explore links between intangible assets and financial performance. Leading companies increasingly link measures of their intangible core assets, such as human capital and brand equity, to financial indicators.

Climate change awareness continues to grow and ranks highly on the corporate sustainability agenda. Companies in sectors with an indirect impact on climate change, such as banks, improve and operationalize their strategies to tackle climate change. However, so far, only few companies in these industries integrate aspects of climate change in their product offering.

Sustainability moves up the priority list in emerging economies. Increased participation of companies from emerging economies such as Hungary, Poland, and Taiwan underlines growing strategic focus on sustainable management.

# DJSI – Key Insights 2007 (cont'd)

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## Industry-Specific Examples / Conclusion

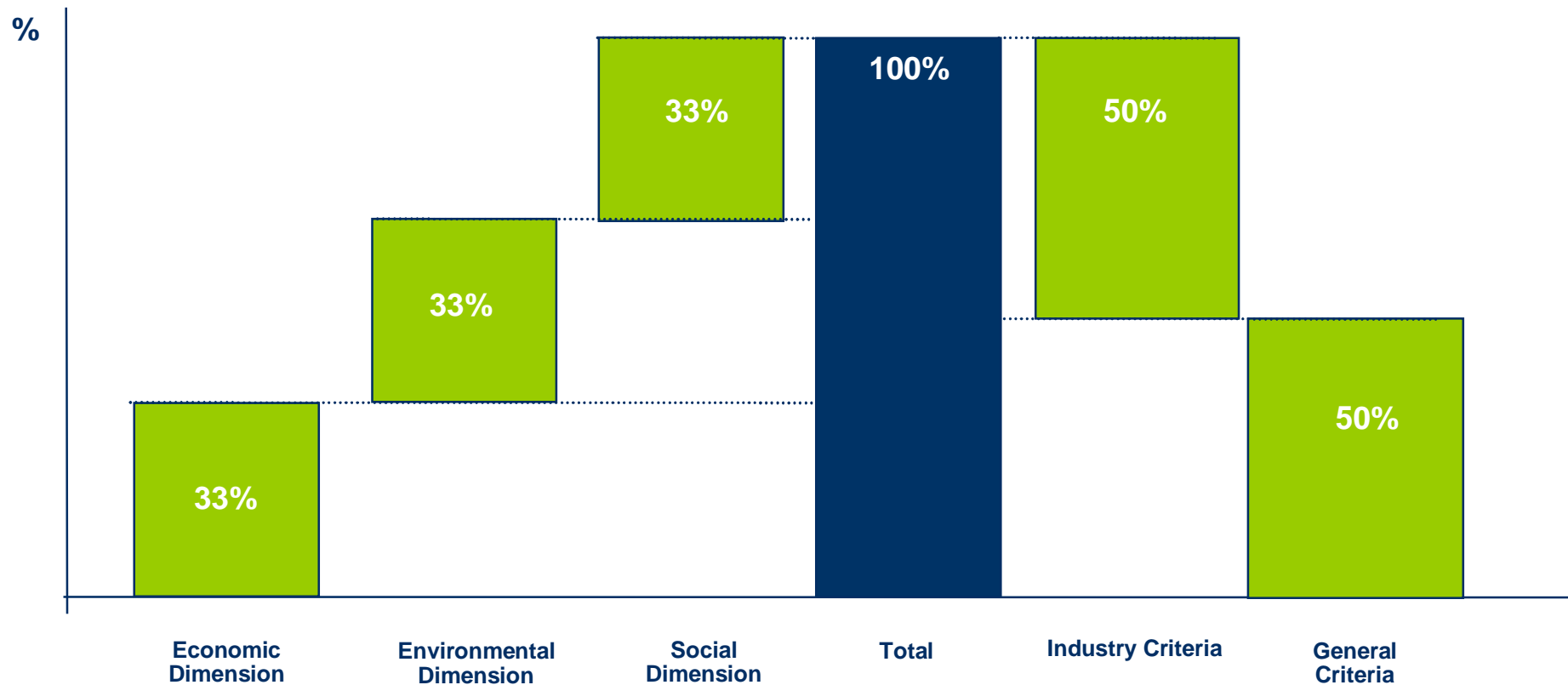
**Best-in-class firms drive self-regulation to foster privacy protection.** The integration of information technology in every day's activities facilitates the recording of personal data. Laws to protect the misuse of personal records are not yet in place everywhere, calling companies for self-regulation through implementation of a comprehensive privacy policy. Leading policies include defined responsibilities, training of employees, monitoring of the implementation and clear communication procedures with stakeholders.

**Leaders in consumer products industries increasingly offer products adapted to emerging markets.** Levels of product adaptation, however, differ substantially. Furthermore, the responsibility between headquarter and emerging markets operations in terms of pricing strategy, as well as management skills transfer often remains unclear.

**Overall, sustainability performance continues to advance across all sectors.** At the same time, substantial room for progress in sustainability remains on the corporate agenda.

# DJSI – Assessment Criteria (I)

## Overview



Actual weightings for the economic, environmental and social dimension may differ between industry groups to reflect the sector's specific exposure to certain sustainability trends. The graph above is illustrative of the approximate weightings.

# DJSI – Assessment Criteria (II)

## Criteria & Weightings

Economic	Weighting (in%)
Corporate Governance	6.0
Risk & Crisis Management	6.0
Codes of Conduct/Compliance/Anti-Corruption & Bribery	5.5
Industry Specific Criteria	Depends on Industry
Environmental	
Environmental Performance (Eco-Efficiency)	7.0
Environmental Reporting	3.0
Industry Specific Criteria	Depends on Industry
Social	
Human Capital Development	5.5
Talent Attraction & Retention	5.5
Labor Practice Indicators	5.0
Corporate Citizenship / Philanthropy	3.5
Social Reporting	3.0
Industry Specific Criteria	Depends on Industry

A complete survey for the entire general part of SAM's assessment is available at [www.sustainability-indexes.com](http://www.sustainability-indexes.com) (-> Assessment -> Information Sources)

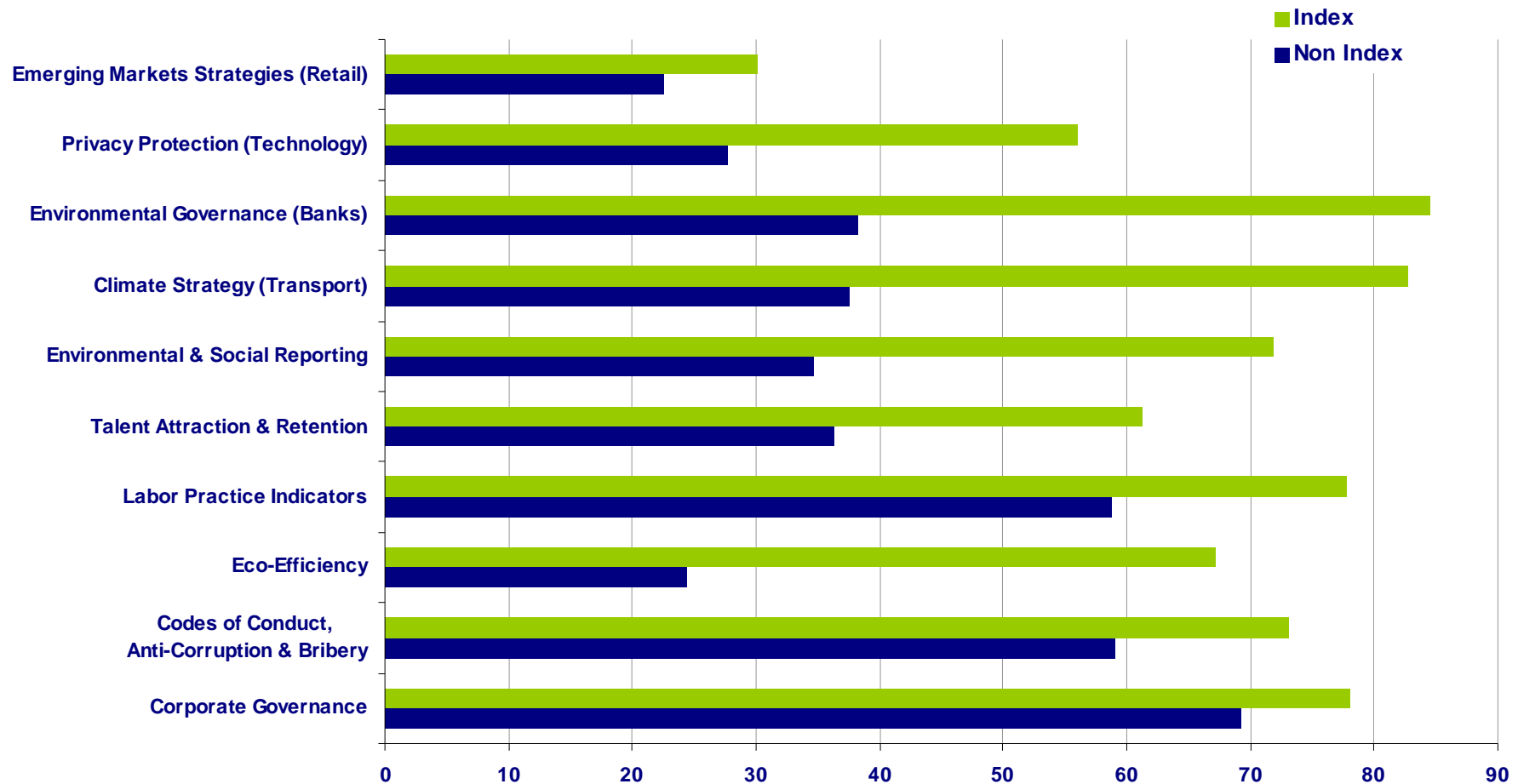
# DJSI – Assessment Criteria (III)

## Examples of criteria changes compared to 2006

Criteria	Key changes compared to 2006
Advanced Environmental Performance	Expanded approach to quantify emissions and consumption of resources and measure efficiency against industry benchmarks.
Environmental & Social Reporting	Revised assessment scheme to further emphasize focus on materiality, key performance indicators, targets as well as progress against targets. Added third-party assurance statements as additional indicator for reporting standards.
Climate Strategy	Enhanced assessment of climate strategy criteria for various industries.
Privacy Policy	Added criteria to focus on privacy policy framework to counter the potential misuse of information within the global information economy.
Strategy for emerging markets	Expanded criteria to assess emerging markets position and strategy in various industries.

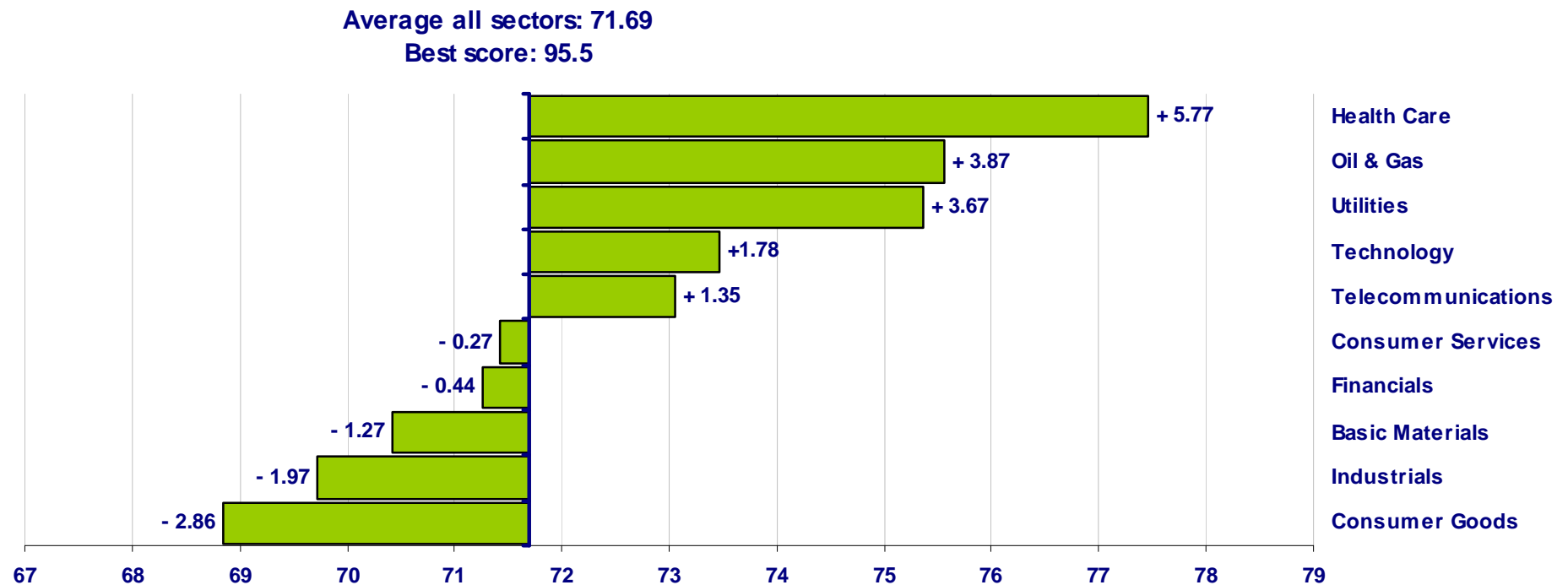
# DJSI – Focus (I)

Average sustainability scores for selected criteria



# DJSI – Focus (II)

## Corporate Governance by Industry

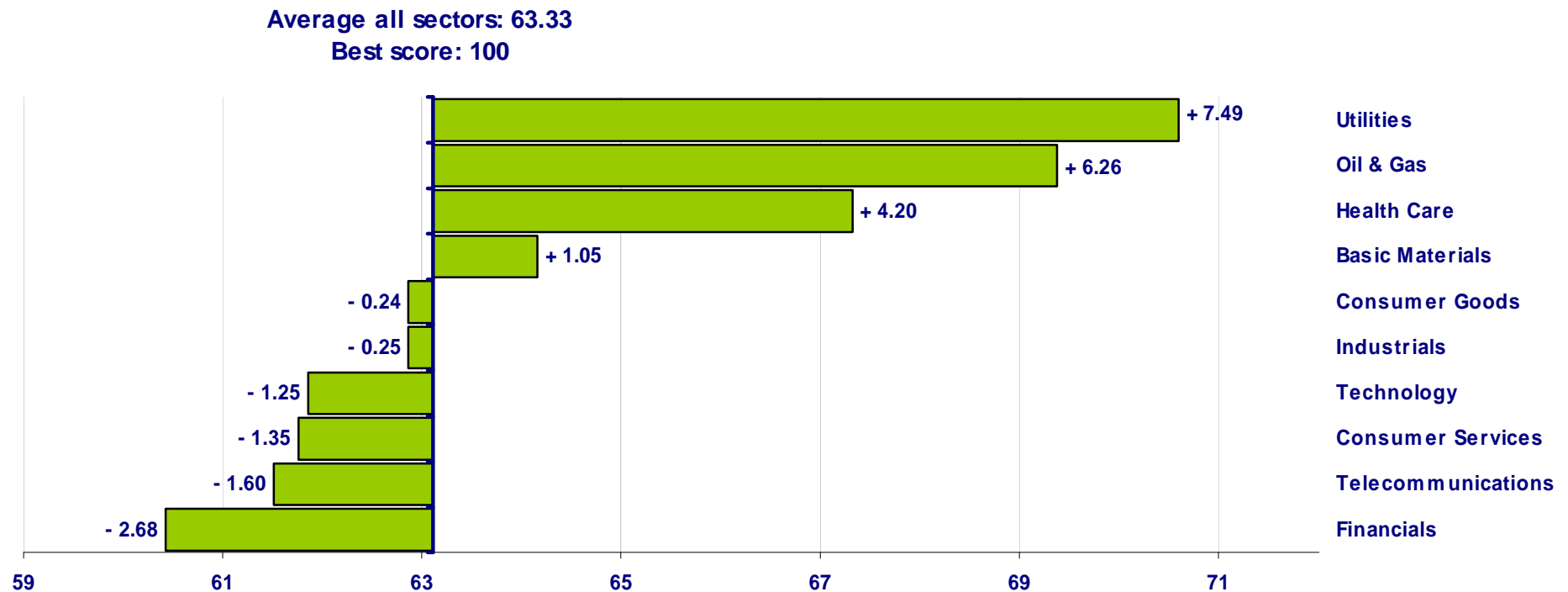


2007 score and deviation from average score by industry. Source: SAM



# DJSI – Focus (III)

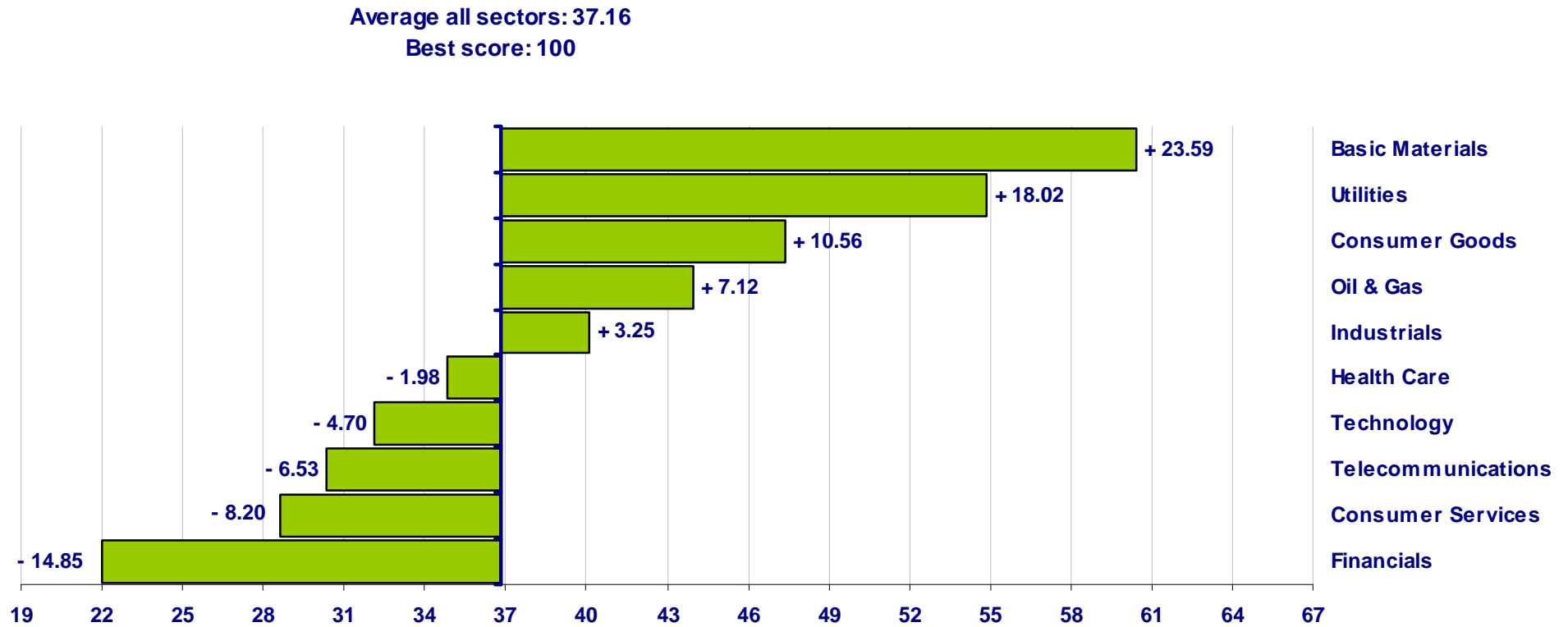
## Codes of Conduct, Anti-Corruption & Bribery Management by Industry



2007 score and deviation from average score by industry. Source: SAM

# DJSI – Focus (IV)

## Eco-Efficiency Improvements by Industry sustainability scores for selected criteria

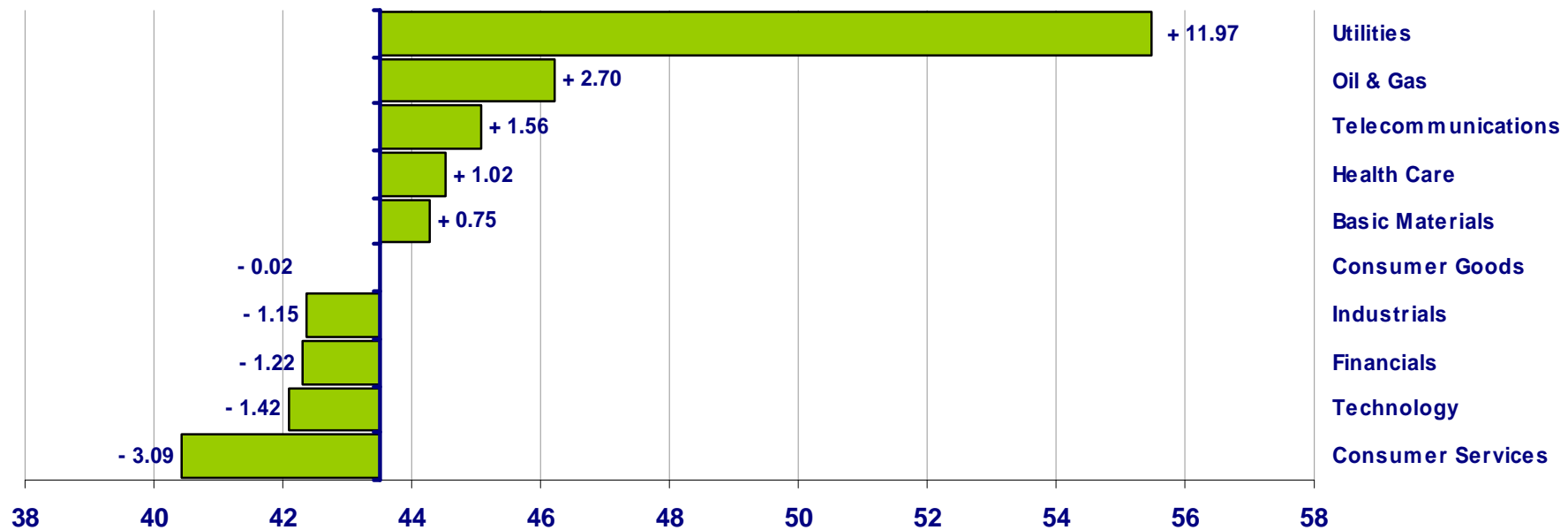


2007 score and deviation from average score by industry. Source: SAM

# DJSI – Focus (V)

## Talent Attraction & Retention Management by Industry

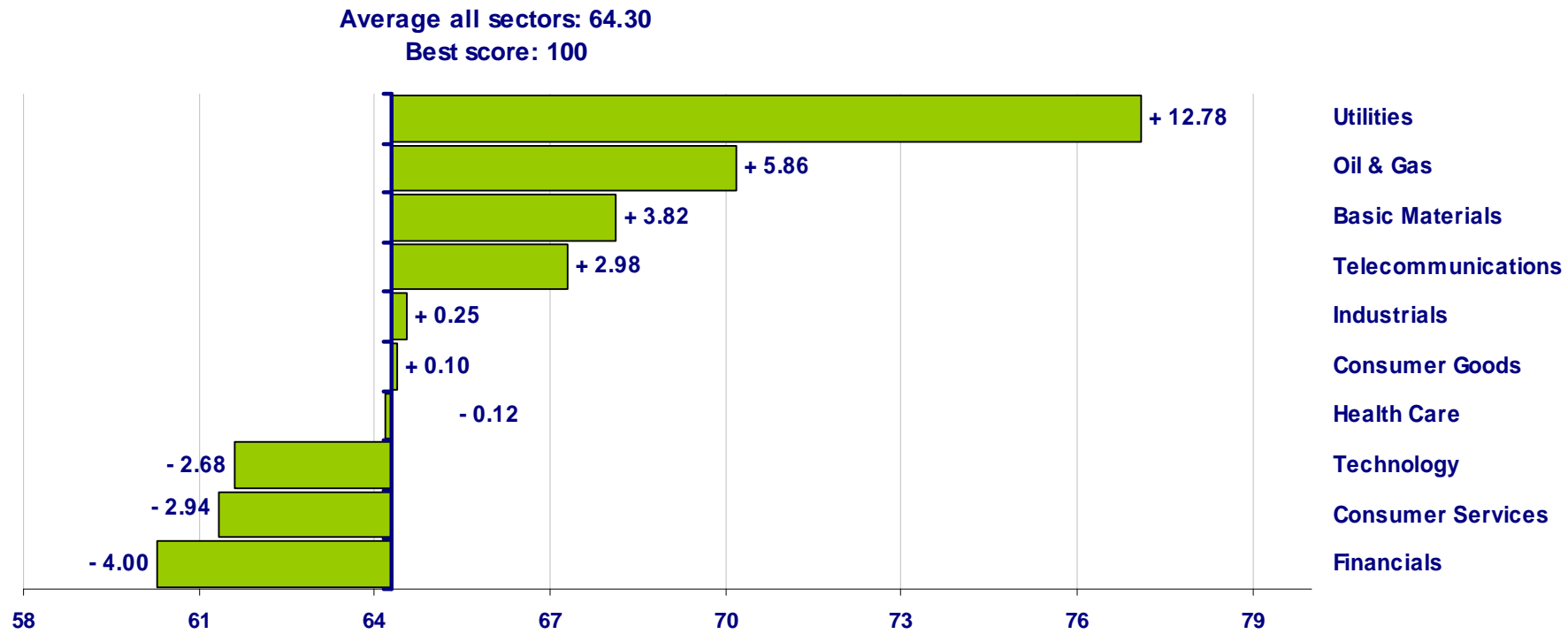
Average all sectors: 43.52  
Best score: 87.65



2007 score and deviation from average score by industry. Source: SAM

# DJSI – Focus (VI)

## Labor Practice Management by Industry



2007 score and deviation from average score by industry. Source: SAM

# DJSI World – Selection 2007

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## Dow Jones Global Index

- 2,500 largest companies
- 57 DJSI sectors

## Component Selection

- Top 10% of companies in terms of sustainability in each DJSI sector
  - 20% target market cap coverage in each supersector

## DJSI World

- 318 Components
- 57 DJSI sectors
- Annual Review 07: 42 Adds (7.9% of mcap), 33 Deletes (8.7% of mcap)

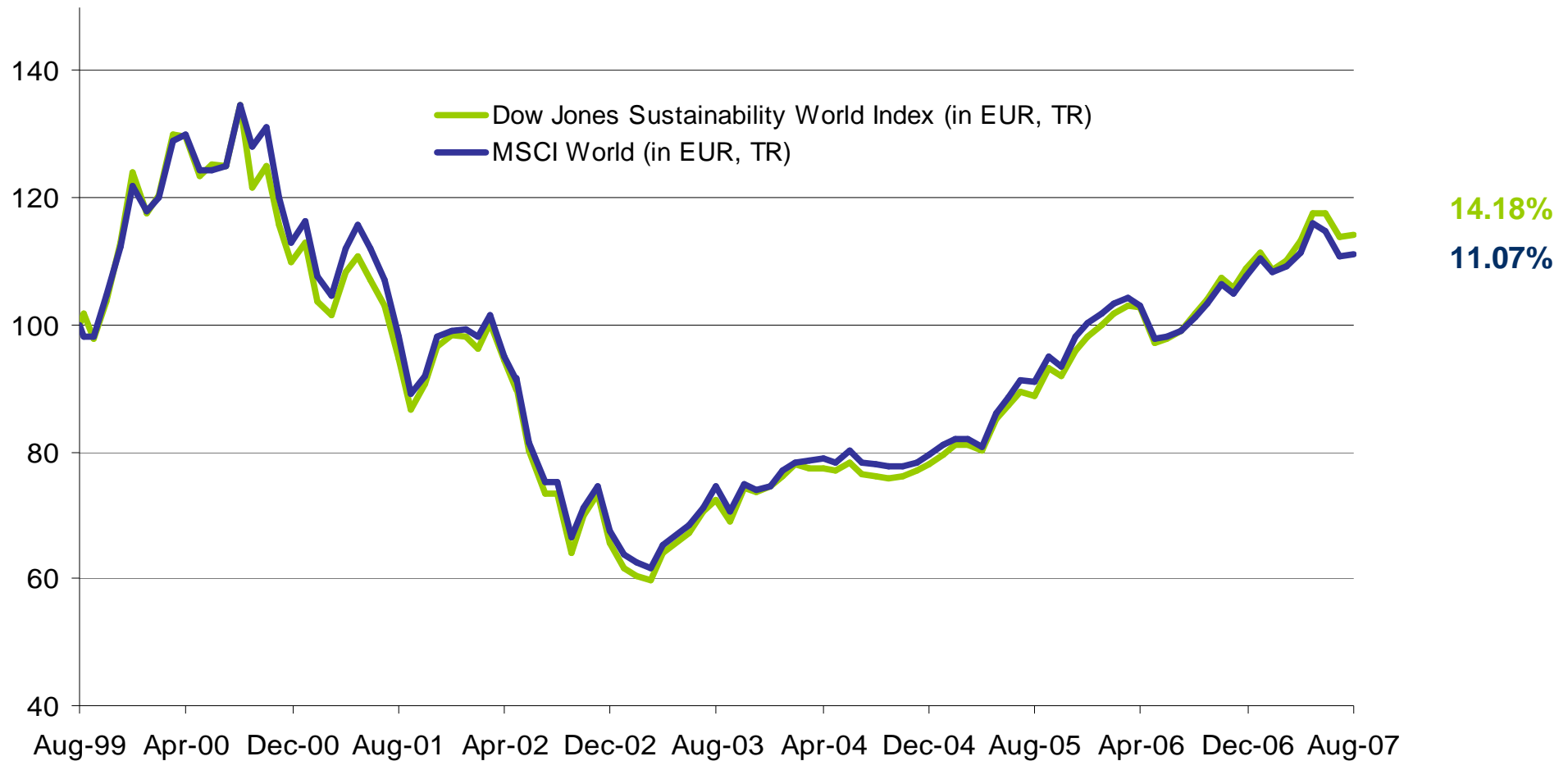
# DJSI World – Index Range

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<b>DJSI World</b>	318 Components
<b>DJSI World ex Alcohol</b>	310 Components
<b>DJSI World ex Tobacco</b>	316 Components
<b>DJSI World ex Gambling</b>	304 Components
<b>DJSI World ex Armaments &amp; Firearms</b>	312 Components
<b>DJSI World ex Alcohol, Tobacco, Gambling, Armaments &amp; Firearms</b>	290 Components

# DJSI World – Performance

Since Launch, 08/99 – 08/07 (EUR, Total Return)



# DJSI World – Global Sector Leaders

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Automobiles & Parts	BMW
Banks	Australia & New Zealand Banking Group
Basic Resources	Norsk Hydro
Chemicals	Akzo Nobel
Construction & Materials	Holcim
Financial Services	Land Securities Group
Food & Beverage	Unilever
Healthcare	Novo Nordisk
Industrial Goods & Services	TNT



## DJSI World – Global Sector Leaders (cont'd)

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Insurance	Allianz
Media	Pearson
Oil & Gas	Statoil
Personal & Household	Koninklijke Philips Electronics
Retail	Marks & Spencer
Technology	Intel
Telecommunications	BT Group
Travel & Leisure	Sodexo
Utilities	Cia Energetica Minas Gerais

# DJSI STOXX – Selection 2007

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## Dow Jones STOXX® 600

- 600 companies
- 50 DJSI sectors

## Component Selection

- Top 20% of companies in terms of sustainability in each DJSI sector
  - 45% target market cap coverage in each supersector

## DJSI STOXX

- 156 Components
- 50 DJSI sectors
- Annual Review 07: 17 Adds (8.2% of mcap), 22 Deletes (13.6% of mcap)

# DJSI STOXX – Index Range

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<b>DJSI STOXX</b>	156 Components
<b>DJSI STOXX ex Alcohol, Tobacco, Gambling, Armaments &amp; Firearms</b>	139 Components
<b>DJSI STOXX 40</b>	40 Components
<b>DJSI EURO STOXX</b>	77 Components
<b>DJSI EURO STOXX ex Alcohol, Tobacco, Gambling, Armaments &amp; Firearms</b>	70 Components
<b>DJSI EURO STOXX 40</b>	40 Components

# DJSI STOXX 40 – Selection 2007

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## DJSI STOXX

- 156 Components
- Europe's Sustainability Leaders

## Component Selection

- Largest 40 components out of the DJSI STOXX
- (maximum 5 per super sector)

## DJSI STOXX 40

40 components weighted by sustainability score

# DJSI EURO STOXX 40 – Selection 2007

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## DJSI EURO STOXX

- 156 Components
- Europe's Sustainability Leaders

## Component Selection

- Largest 40 components out of the DJSI EURO STOXX
  - (maximum 5 per super sector)

## DJSI EURO STOXX 40

40 components weighted by sustainability score

# DJSI STOXX 40 / DJSI EURO STOXX 40

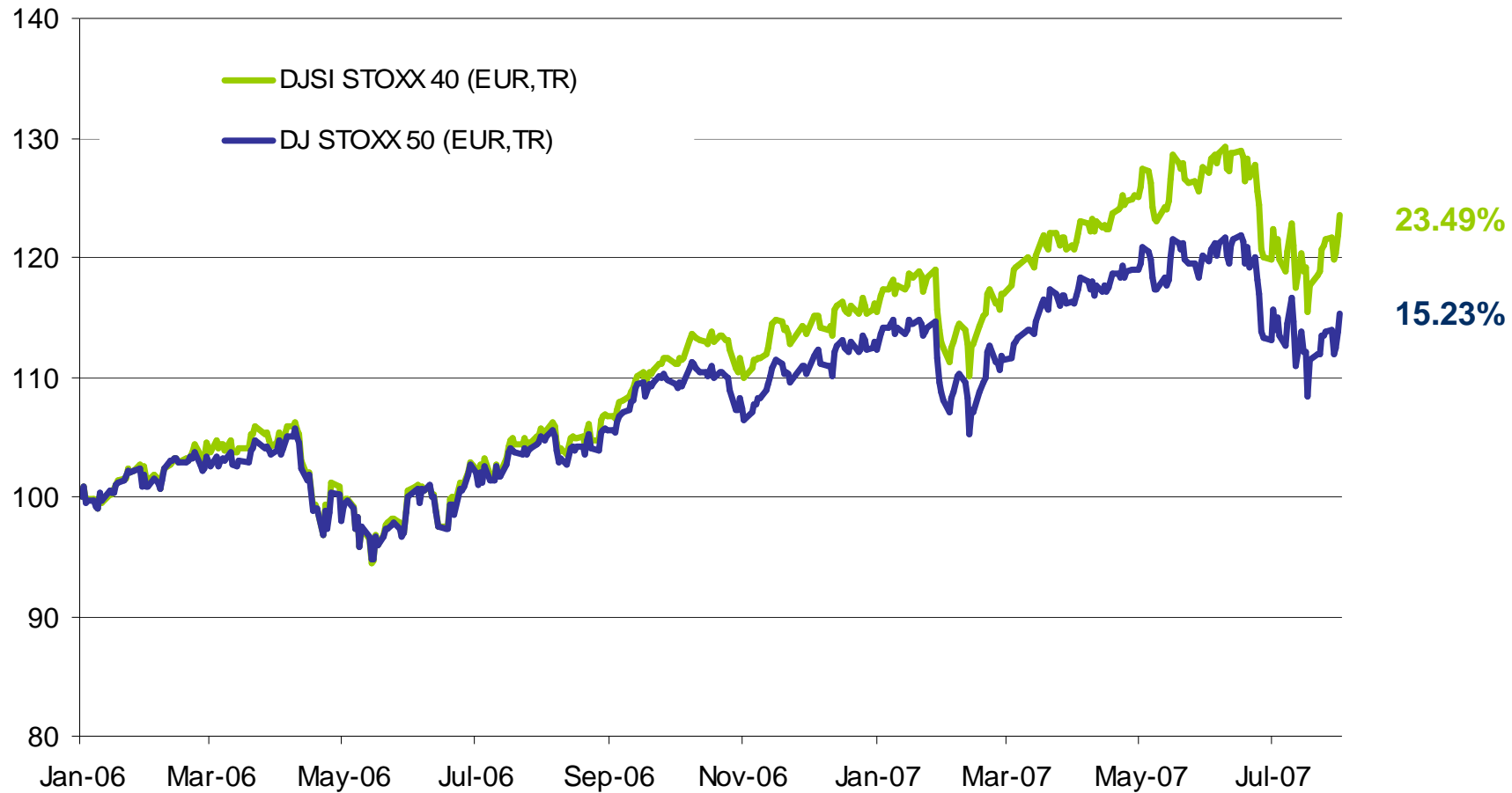
## Weighting

	Market Cap (in million EUR)	Sustainability Score*	Weighting
Company 1	10'000	100	$100/3000 = 3.3\%$
Company 2	60'000	80	$80/3000 = 2.7\%$
Company 3	30'000	60	$60/3000 = 2.0\%$
...	...	...	...
...	...	...	...
...	...	...	...
...	...	...	...
...	...	...	...
...	...	...	...
Company 39	50'000	50	$50/3000 = 1.7\%$
Company 40	90'000	40	$40/3000 = 1.3\%$
<b>Total</b>		<b>3000</b>	

\* The 40 components of the DJSI STOXX 40 and DJSI EURO STOXX 40 are weighted by their normalized sustainability score, i.e. the result of the company in SAM's annual assessment of economic, environmental and social criteria.

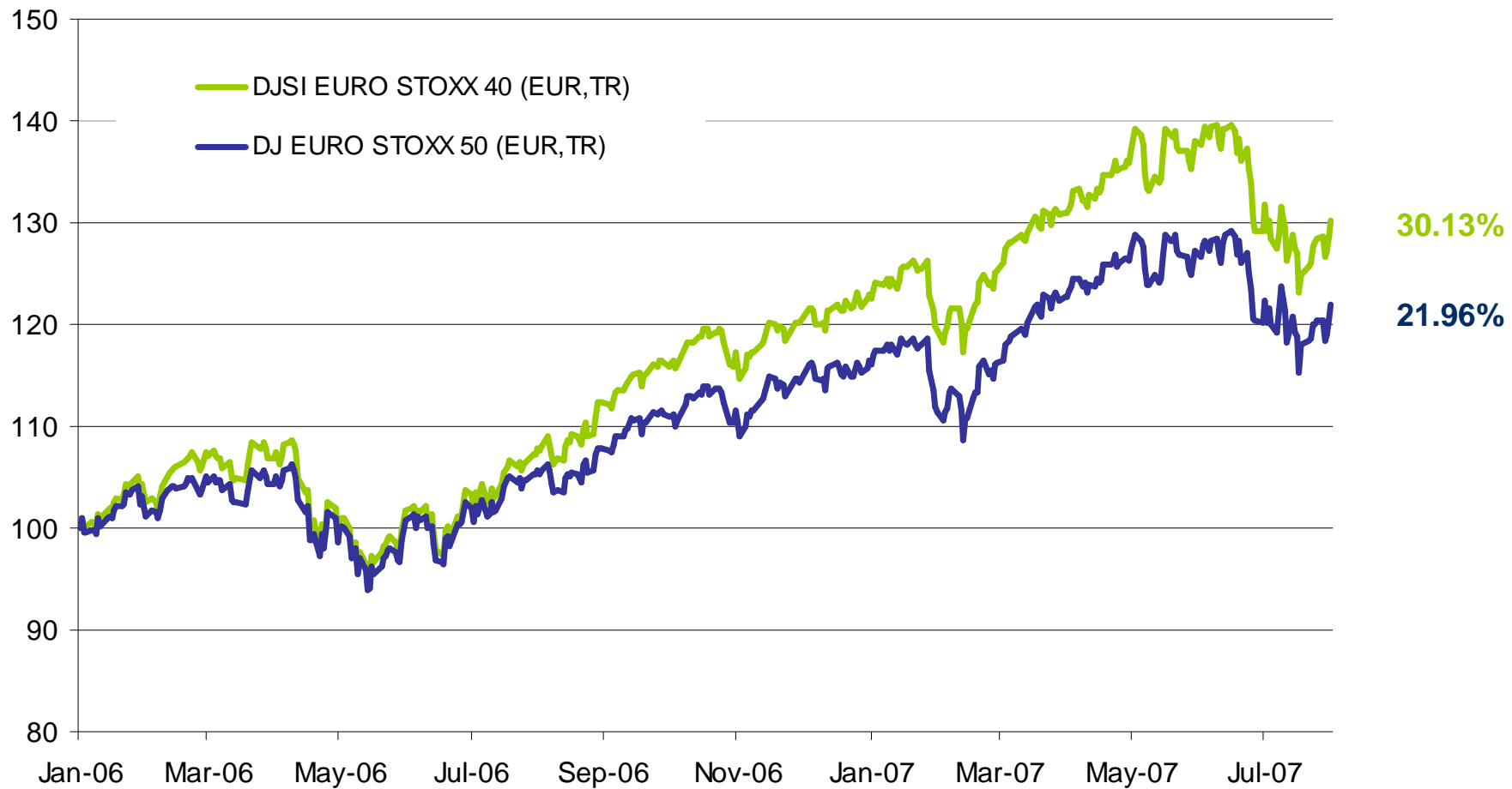
# DJSI STOXX 40 - Performance

Since Launch, 01/06 – 08/07 (EUR, Total Return)



# DJSI EURO STOXX 40 - Performance

Since Launch, 01/06 – 08/07 (EUR, Total Return)





# DJSI North America – Selection 2007

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## Dow Jones Global Index

- 600 largest companies from North America
  - 47 DJSI sectors

## Component Selection

- Top 20% of companies in terms of sustainability in each DJSI sector

## DJSI North America

- 112 Components
  - 47 DJSI sectors
- Annual Review 07: 17 Adds (9.1% of mcap), 9 Deletes (7.8% of mcap)

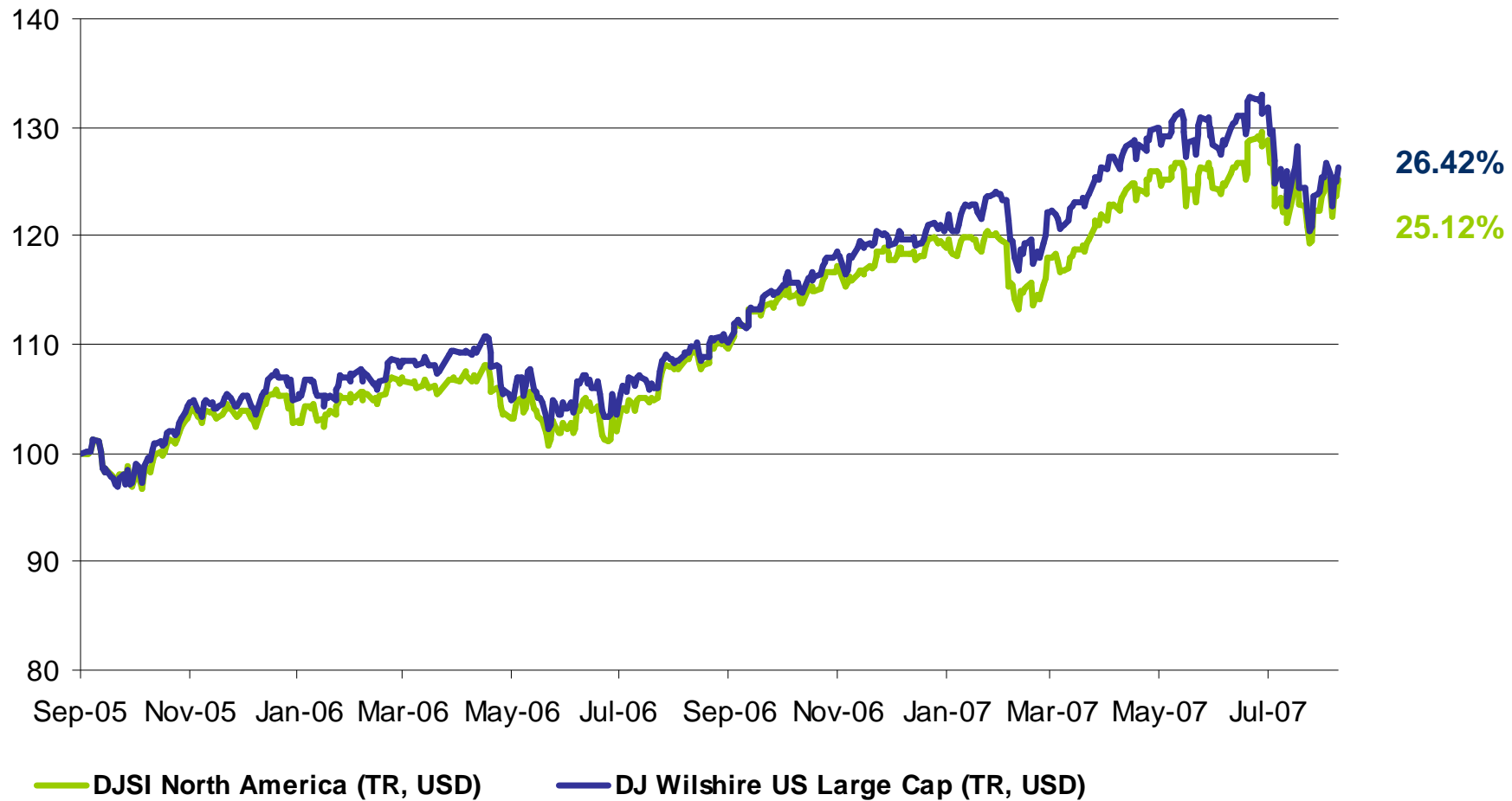
# DJSI North America – Index Range

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<b>DJSI North America</b>	120 Components
<b>DJSI North America ex Alcohol, Tobacco, Gambling, Armaments &amp; Firearms</b>	114 Components
<b>DJSI United States</b>	99 Components
<b>DJSI United States ex Alcohol, Tobacco, Gambling, Armaments &amp; Firearms</b>	93 Components

# DJSI North America – Index Range

Since Launch, 09/05 – 08/07 (USD, Total Return)





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