

# RobecoSAM 2018 Methodology Update

RobecoSAM Corporate Sustainability Assessment

March 2018



## General Remarks

What?	Industries impacted	Key changes compared to 2017
Question & criterion weights	All	The question- and criterion-level weights have been reviewed for all industries to increase the focus on industry-specific material issues. From March 22 <sup>nd</sup> 2018, the criterion-level weights will be publicly available at <a href="http://www.robecosam.com/csa/resources">www.robecosam.com/csa/resources</a>
Materiality review	All	RobecoSAM's materiality review process has led to deletions of criterion and/or questions no longer considered to be financially relevant to an industry. Companies' feedback has been incorporated in this review. As a result, RobecoSAM deleted over 50 questions from its overall question catalogue. As part of the annual methodology review, we continue to align questions in the CSA with leading sustainability disclosure frameworks such as GRI and SASB.
Public and partially public questions	All	As part of ongoing efforts to improve corporate disclosures and transparency, RobecoSAM has increased the number of questions specifically requiring publicly available evidence, as well as the number of questions where additional credit is awarded to companies who publicly disclose the information that is asked for.
CDP alignment	Multiple	As part of its ongoing collaboration with CDP, RobecoSAM has updated its Climate Strategy questions to align with changes made to the 2018 CDP methodology. These changes reflect recommendations from the Task Force for Climate-Related Financial Disclosures (TCFD), which RobecoSAM also officially endorses. By addressing this in the CSA, RobecoSAM aims to promote improved disclosure and transparency on climate change risks by companies

## Overview of General Methodology Changes

Criterion	Industries impacted	Key changes compared to 2017
Policy Influence (Revised)	All	<p>RobecoSAM has revised the Policy Influence criterion, first introduced in 2017. Investors are increasingly concerned about the lack of transparency around corporate spending on lobbying, interest representation and political activities – and how this spending positively or negatively contributes towards global challenges, such as addressed through the Sustainable Development Goals. RobecoSAM has made minor revisions to the criterion to better capture the different categories of spending that companies undertaken and what the main issues or topics are that companies spend towards, and what companies’ position are towards these topics is (i.e. supporting, against, etc.)</p>
Corporate Governance	All	<p>To further strengthen the Corporate Governance criterion, three new questions have been added and three questions have been revised. The questions Government Ownership, Family Ownership and Dual-Class Shares have been added, addressing shareholder rights and ownership structures at companies. The updated questions include Executive Compensation (Success Metrics &amp; Alignment with Long Term Performance) and the question Management Ownership Requirements.</p>

## Overview of Cross-Industry Methodology Changes (1)

<b>Criterion</b>	<b>Industries impacted</b>	<b>Key changes compared to 2017</b>
Tax Strategy	Multiple	RobecoSAM has added the question Effective Tax Rate to supplement the existing questions on tax transparency. In this new question, RobecoSAM assesses whether a company's reported tax rate is in line with industry expectations, and whether a low tax rate can be legitimately explained through financial disclosures or if the company potentially uses complex tax structures across their organization – indicating a potentially higher source of organizational and reputational risk and damage to local value creation in the countries it operates.
Biodiversity	Multiple	The Biodiversity criterion has been revised to make it more focused and more performance-based. The first question focuses on companies' publicly available biodiversity commitments, while the second question asks companies to quantify their exposure to biodiversity risks and to what degree they are managing these risks through specific management plans.
Climate Strategy	Multiple	RobecoSAM has made modifications to the Climate Strategy criterion, further aligning with CDP and addressing the recommendations of the TCFD. The Climate Strategy questions have been extended to more industries, underpinning the growing importance of this topic. Questions have been modified to better address climate-target setting, the use of science based targets, scope three emissions and the use of climate targets as part of employee incentive programs. The question on internal carbon pricing has been extended to more industries and a new question on scenario analysis has been added to a limited number of industries, in line with TCFD recommendations.

## Overview of Cross-Industry Methodology Changes (2)

Criterion	Industries impacted	Key changes compared to 2017
Impact Measurement & Valuation	Multiple	<p>Based on the results of the 2017 Corporate Sustainability Assessment, RobecoSAM has decided to update the question on Impact Valuation, further aligning it to the pioneering work being done by the World Business Council for Sustainable Development (WBCSD) on the Natural and Social Capital Protocols. The question has been restructured and will not be included as part of the standard assessment. Instead, RobecoSAM will collect and analyze data in 2018 to refine the scoring methodology for 2019.</p> <p>Based on the data collected during 2017, it was evident that the topic of Impact Valuation is still being tested by many organizations, to varying degrees of complexity and scope. As a result, most answers provided by companies did not meet RobecoSAM's expectations and focused primarily on measuring outputs and outcomes, rather than actual impacts. At the same time, RobecoSAM recognizes the importance of the criterion and the need for more companies to understand the real direct and indirect impacts of their products, services and operations in order to make better informed decisions internally and provide investors with a more comprehensive understanding of a company's risk profile.</p>

## Questions?

All company inquiries should be directed to our dedicated **CSA Helpline**.

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Direct phone: +41 44 653 10 30

For more information about the **Corporate Sustainability Assessment**, visit our website:

[www.robecosam.com/csa](http://www.robecosam.com/csa)

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- Webcasts
- Methodology documents
- Sample questionnaires

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