

# INTEGRATING ENVIRONMENTAL STEWARDSHIP VIA THE CDP SCORING METHODOLOGY

STOXX® Global Climate Impact & Climate Awareness Indices

March, 2017



# Agenda

1. Methodology

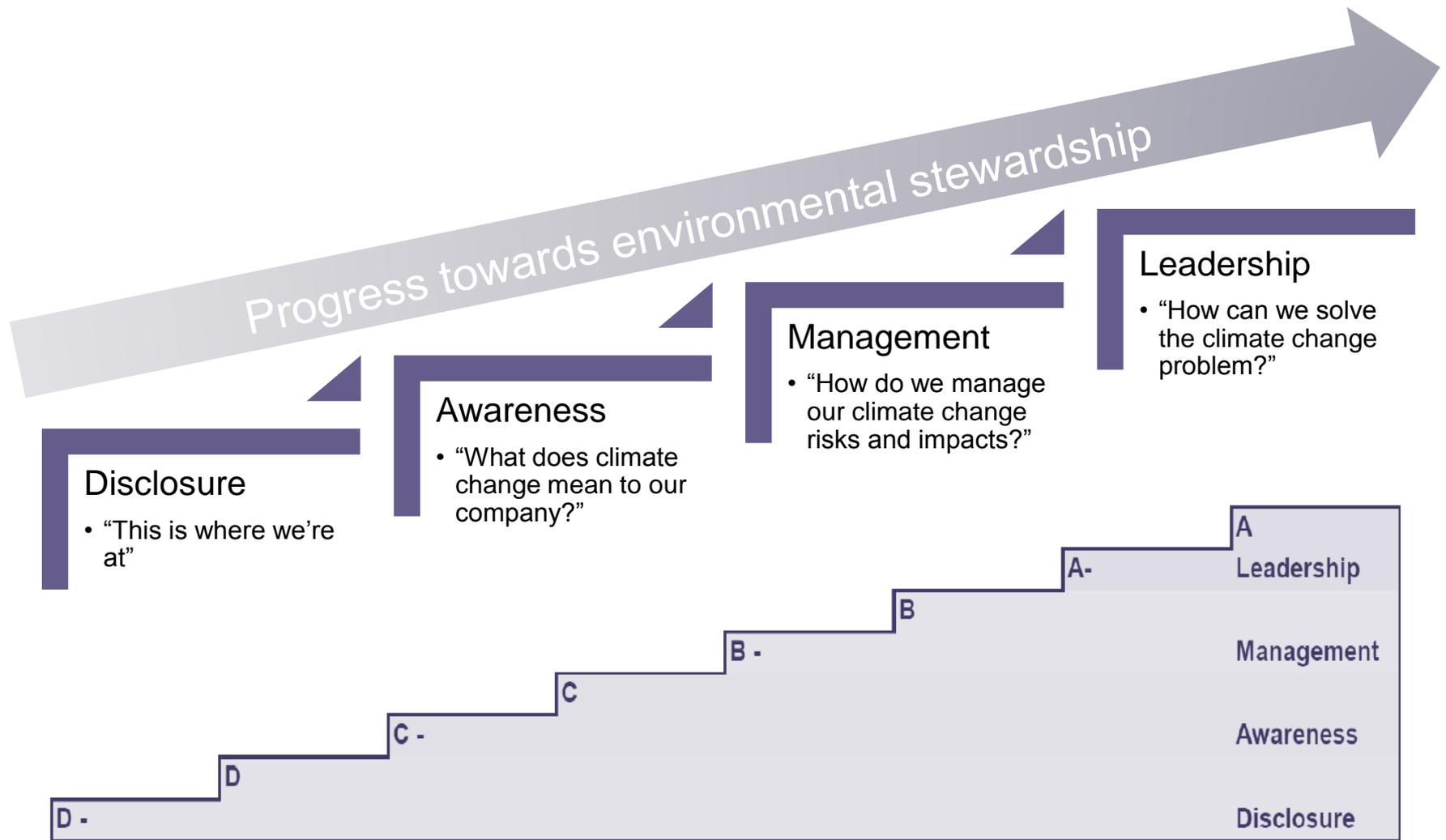
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2. Performance

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# 2. METHODOLOGY

# CDP's scoring approach and corresponding level



# CDP Scoring Levels

STOXX Climate Awareness Indices

STOXX Climate Impact Indices

## Disclosure (D & D-)

- » Measures completeness and comprehensiveness of the CDP response
- » Early stage companies can still get a good disclosure
- » It's the first step because it is the place to start

## Awareness (C & C-)

- » Identifies companies who have looked at implications of climate change for and on their business
- » Recognises high level, contextual knowledge of environmental issues
- » It's the second step because it is a basis for action

## Management (B & B-)

- » Seeks evidence of climate actions implemented
- » Requires company-specific understanding of climate change related issues
- » It's the third step because broad-based action precedes developing excellence

## Leadership (A & A-)

- » Is based on companies disclosing particular actions which mark them as leaders, as well as high scores across all other levels
- » Scoring requires detailed company-specific explanations
- » Requirements to achieve leadership in 2016 will be challenging, but achievable

» A high Leadership score will suggest that: 1) the company's climate change strategy is integrated throughout the business, 2) it is successfully managing climate change and risk and has advanced accounting in place, and looks to its environmental management as a source of opportunity and innovation and, 3) it looks beyond direct climate change risks and impacts to trying to tackle water issues in their wider context, and makes a public commitment to do this

# STOXX® Global Climate Impact and Climate Awareness Indices

## Methodology

### Universe



- » STOXX® Global 1800
- » Exclude:
  - » ICB subsector Coal (1771)
  - » UN Global Compact Violations and Controversial Weapons

### Selection



- » **Climate Impact:** Select all stocks from the Universe with a CDP Performance Band Score between A and B- (Leadership and Management)
- » **Climate Awareness:** Select all stocks from the Universe with a CDP Performance Band Score between A and C- (Leadership, Management and Awareness)

### Weighting



- » Price weighted:
  - » Free-float market cap multiplied by the corresponding Z-score carbon intensity factor of each constituent with constituent capping at 5%
  - » Overweight stocks with lower carbon intensities, underweight those with higher emissions

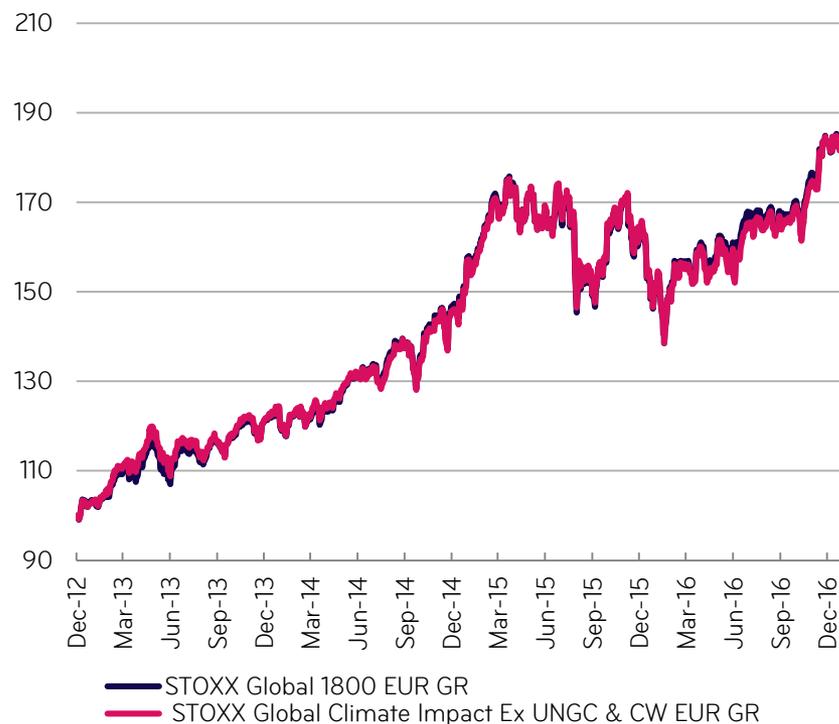
# 3. PERFORMANCE

# STOXX Global Climate Impact GR (EUR) Index

## Risk and return characteristics<sup>1)</sup>

	STOXX Global Climate Impact GR (EUR)			STOXX® Global 1800 GR (EUR)		
	Overall <sup>2)</sup>	1y <sup>2)</sup>	3y <sup>2)</sup>	Overall <sup>2)</sup>	1y <sup>2)</sup>	3y <sup>2)</sup>
<b>Performance (actual)</b>	81.78%	21.85%	46.22%	82.21%	22.54%	47.11%
<b>Performance (annualized)</b>	15.42%	21.01%	13.11%	15.48%	21.68%	13.33%
<b>Volatility (annualized)</b>	13.62%	13.79%	14.74%	13.44%	13.24%	14.55%
<b>Tracking error (annualized)</b>	0.00%	0.00%	0.00%	2.01%	1.94%	1.92%
<b>Maximum drawdown</b>	20.94%	10.39%	20.94%	21.20%	10.12%	21.20%
<b>Sharpe ratio (annualized)<sup>3)</sup></b>	1.13	1.47	0.92	1.14	1.57	0.94

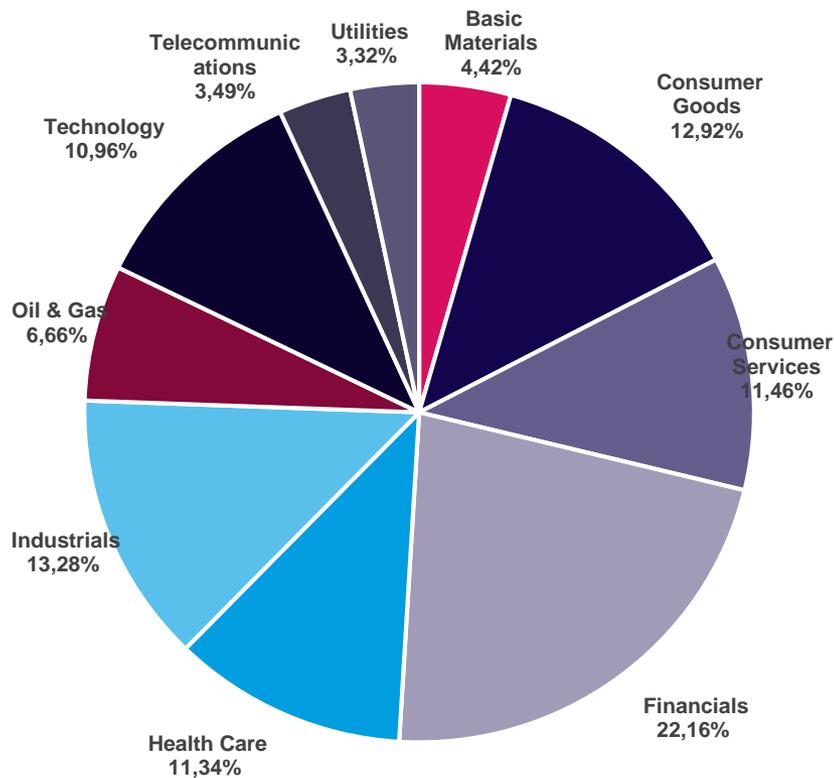
## Index performance



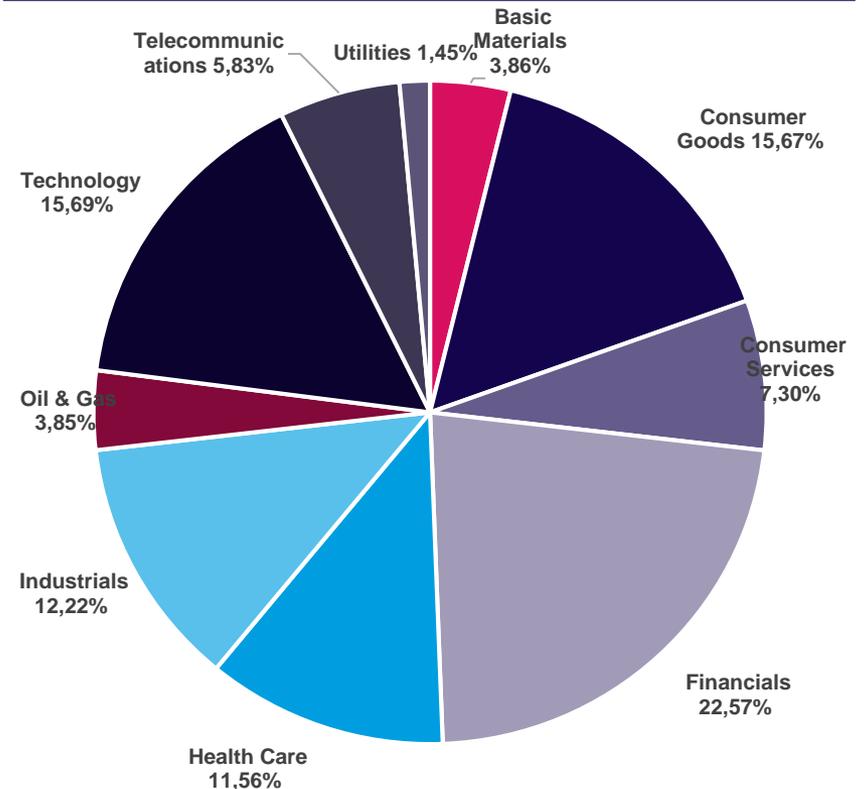
The STOXX Global Climate Impact GR (EUR) Index has a 66% lower carbon footprint than the STOXX® Global 1800 GR (EUR) Index

# STOXX Global Climate Impact GR (EUR) Index - Industry Allocation

STOXX® Global 1800 Industry weights<sup>1)</sup>

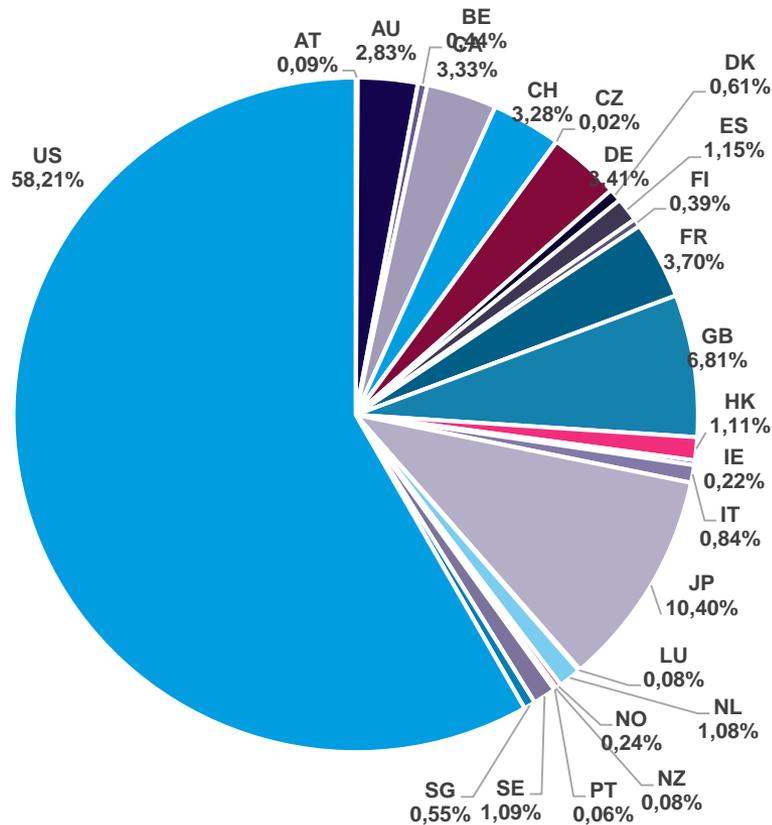


STOXX Global Climate Impact Industry weights<sup>1)</sup>

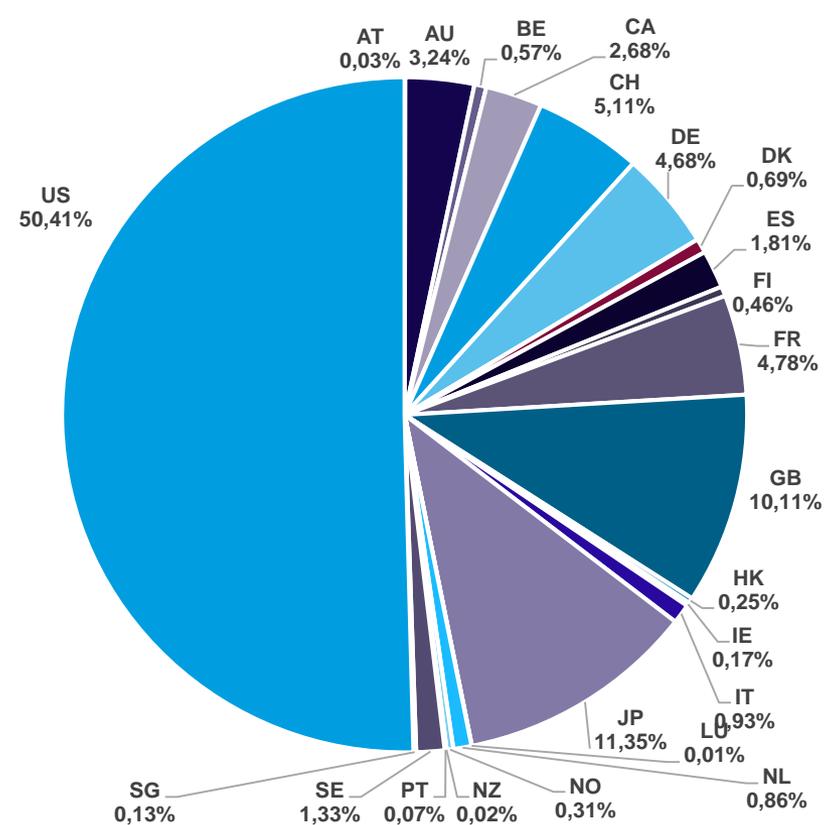


# STOXX Global Climate Impact GR (EUR) Index - Country Allocation

STOXX® Global 1800 Country weights<sup>1)</sup>



STOXX Global Climate Impact Country weights<sup>1)</sup>

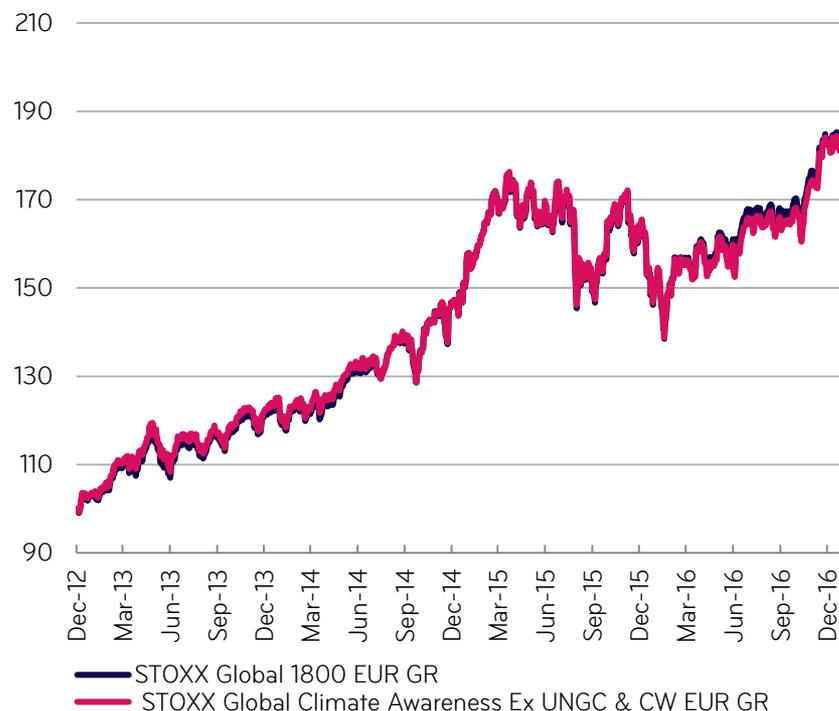


# STOXX Global Climate Awareness GR (EUR) Index

## Risk and return characteristics<sup>1)</sup>

	STOXX Global Climate Awareness GR (EUR)			STOXX® Global 1800 GR (EUR)		
	Overall <sup>2)</sup>	1y <sup>2)</sup>	3y <sup>2)</sup>	Overall <sup>2)</sup>	1y <sup>2)</sup>	3y <sup>2)</sup>
<b>Performance (actual)</b>	81.29%	21.49%	44.98%	82.21%	22.54%	47.11%
<b>Performance (annualized)</b>	15.34%	20.67%	12.80%	15.48%	21.68%	13.33%
<b>Volatility (annualized)</b>	13.58%	13.64%	14.69%	13.44%	13.24%	14.55%
<b>Tracking error (annualized)</b>	0.00%	0.00%	0.00%	1.45%	1.35%	1.40%
<b>Maximum drawdown</b>	21.30%	10.23%	21.30%	21.20%	10.12%	21.20%
<b>Sharpe ratio (annualized)<sup>3)</sup></b>	1.12	1.47	0.90	1.14	1.57	0.94

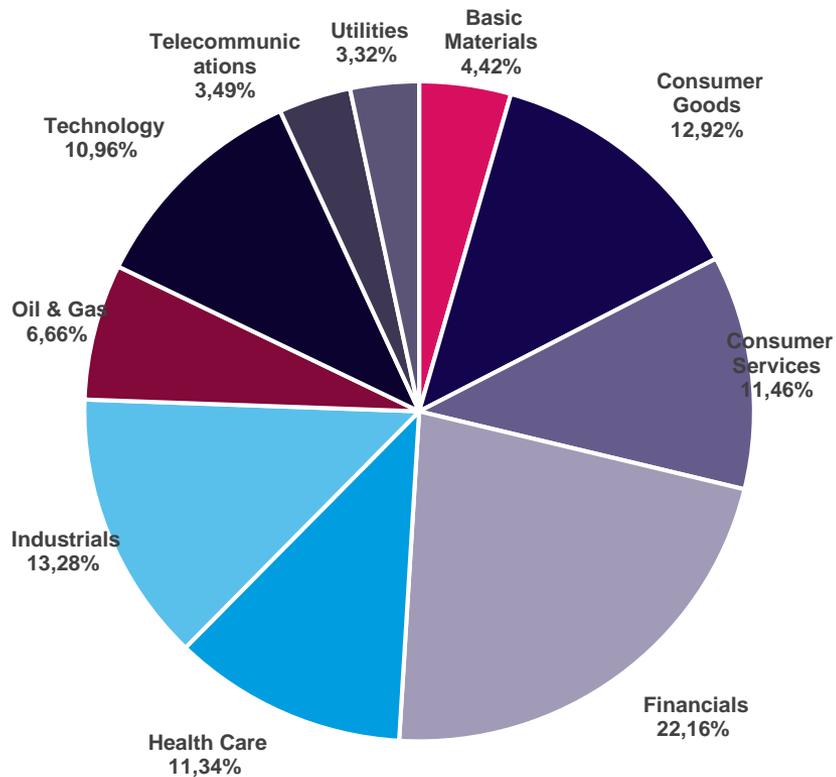
## Index performance



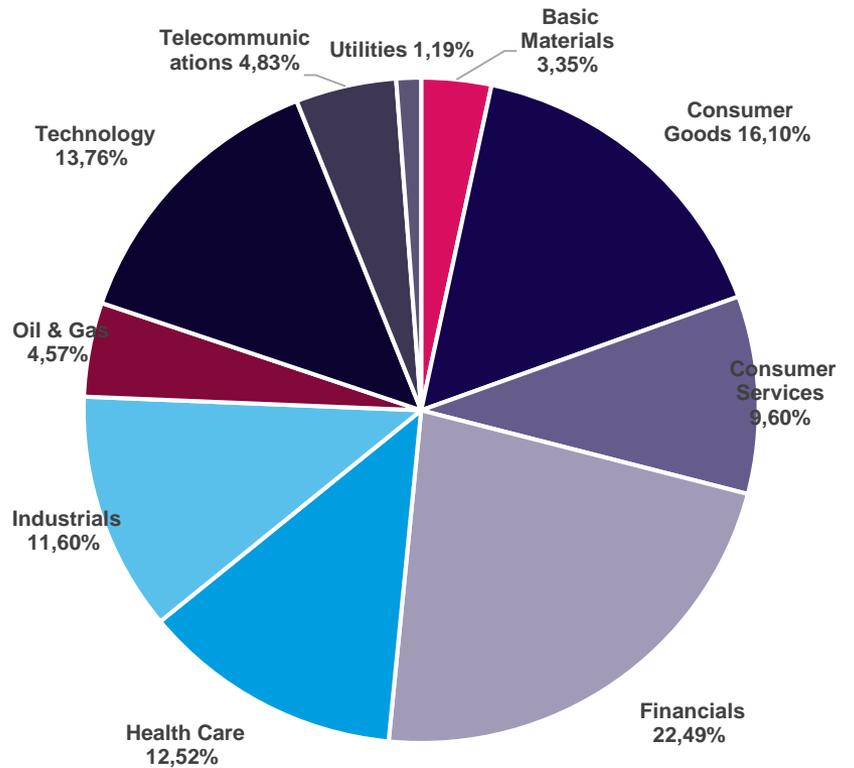
**>>** The STOXX Global Climate Awareness GR (EUR) Index has a 64% lower carbon footprint than the STOXX® Global 1800 GR (EUR) Index

# STOXX Global Climate Awareness GR (EUR) Index - Industry Allocation

STOXX® Global 1800 GR EUR Industry weights<sup>1)</sup>

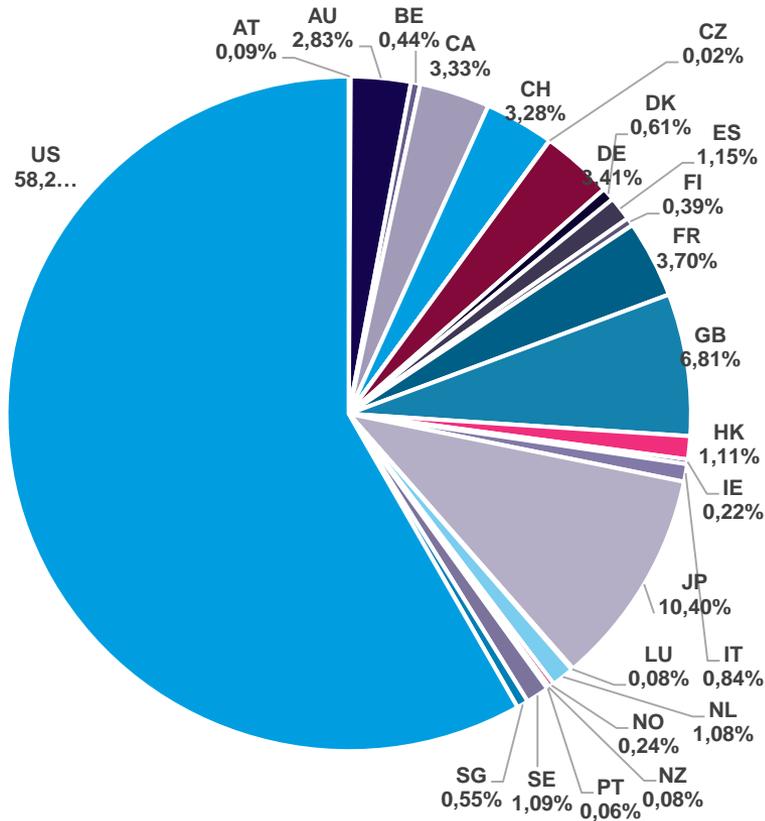


STOXX Global Climate Awareness Industry weights<sup>1)</sup>

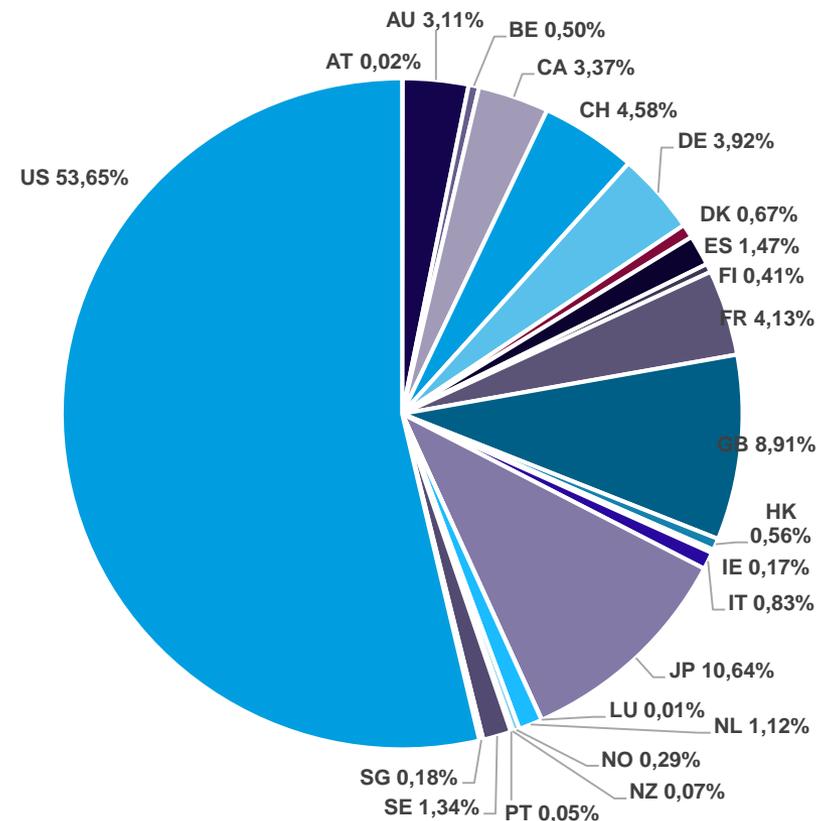


# STOXX Global Climate Awareness GR (EUR) Index - Country Allocation

STOXX® Global 1800 Country weights<sup>1)</sup>



STOXX Global Climate Awareness Country weights<sup>1)</sup>



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