



SUSTAINALYTICS

# Sustainable Momentum

2015  
Sustainability  
Report



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# About Sustainalytics



## Our Vision

Sustainalytics believes that it is imperative for the global economy to become more just and sustainable.



## Our Mission

Sustainalytics' mission is to provide the insights required for investors and companies to make more informed decisions that lead to a more just and sustainable global economy.



## Our Values

- We have a positive **impact** on our world.
- We embrace **diverse** perspectives.
- We foster **excellence** through **continuous collaboration**.
- We are **adaptable** and **entrepreneurial**.
- We **treat others** as we like to be treated.

## Who We Are

Sustainalytics is an independent environmental, social and governance (ESG) and corporate governance research and analysis firm supporting investors around the world with the development and implementation of responsible investment strategies. Established in 1992, Sustainalytics has been a trusted partner of responsible investors for almost 25 years. As of December 31, 2015, Sustainalytics had 240 employees, including more than 120 analysts with multidisciplinary expertise across more than 40 industry sectors.

## What We Do

Sustainalytics partners with institutions within the capital markets, helping them turn vast quantities of environmental, social and governance information into insightful, value-added analysis to enable more informed investment decisions. Sustainalytics serves approximately 450 clients, across 24 countries, providing them with comprehensive ESG and corporate governance research, ratings and analysis on more than 10,000 companies worldwide.



## Company Structure

Sustainalytics is structured as an array of 100%-owned operating subsidiaries, each of which is owned – directly or indirectly – by parent company Sustainalytics Holding B.V., a private limited liability company incorporated under the laws of the Netherlands. In 2015, Sustainalytics began the process of opening a new office in Sydney, Australia, while also initiating the closing of our operations in Colombia.<sup>1</sup>



## Shareholders

ABN AMRO MeesPierson, Michael Jantzi and senior staff, Mooncrest Holdings Limited, PGGM, Renewal Partners Company, Silver Box Holdings Limited and Triodos Bank.



## Board of Directors

Seven board directors, including the Chief Executive Officer. Separate Chairman governance structure with two subcommittees of the Board – the Audit and Risk Committee and the Remuneration and Employment Committee.<sup>2</sup>



## Offices

Amsterdam (Headquarters), Boston, Bucharest, Frankfurt, London, New York City, Paris, Singapore, Timisoara and Toronto; and representative offices in Brussels and Washington D.C.



## Employees

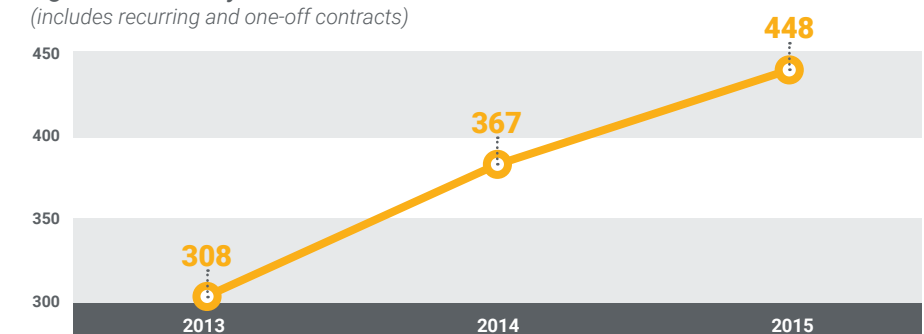
240<sup>3</sup>



## Clients

450 clients<sup>4</sup> worldwide including investment managers, mutual funds, pension funds, NGOs, corporate issuers, international organisations, and academic networks.

**Figure 1: Sustainalytics' Client Base Growth**  
(includes recurring and one-off contracts)







# About This Report

## Sustainability Working Group<sup>8</sup>

- Rachel Birenbaum
- Michael Jantzi
- Alexander Rengers
- Nina van Ewijk

## Sustainability Reporting Advisory Committee

- Kathryn Morrison
- Marion Oliver

# About This Report

This is Sustainalytics’ third sustainability report, and the second circulated to external stakeholders.<sup>5</sup> This report aims to provide an update of our performance throughout 2015 across a range of ESG considerations that were deemed material via our materiality assessment conducted in 2014.<sup>6</sup> The report highlights our successes and challenges in managing these issues in 2015, compares and contrasts our performance with 2014 data and highlights ways in which we aim to improve our performance going forward.

As a mission-based company focused on the pursuit of a more just and sustainable global economy, Sustainalytics is committed to setting a high bar for operating, measuring and reporting its own sustainability practices. As this is our second report prepared in accordance with the GRI G4 reporting guidelines at the “core” level, it has enabled us to clearly see where we have reached that bar, and where work remains.

This document represents much more than a simple reporting exercise. Sustainability is a critical element for Sustainalytics and embedding it into our decision-making is integral to our long-term success. Sustainability informs what Sustainalytics delivers to the market, the partnerships we enter into, and the manner in which we produce and deliver our products and services.

We prepare this report primarily for an internal audience (shareholders, the Board of Directors and employees), seeking to provide a holistic appraisal of how we are allocating resources to ensure our long-term relevance and evaluate whether or not we are living up to our mission and vision. We trust this report serves to inspire and inform – and to highlight Sustainalytics’ collective commitment “to provide the insights required for investors and companies to make more informed decisions that lead to a more just and sustainable global economy.”

Sustainalytics has an annual reporting cycle and the information provided in this report is based on our progress and performance over the fiscal year ending December 31, 2015, unless otherwise stated. As we continue to strengthen our data collection and monitoring processes, management will consider engaging an external assurance provider. To aid in navigating GRI disclosures, we provide a GRI Content Index at the back of this report. Additionally, there are no changes to reporting periods from previous sustainability reports, but there are restatements from the 2014 sustainability report in the Environment section, found in the endnotes of this report.

On a final note, this report contains images of ocean, rivers, waterfalls and lakes, all of which were taken by Sustainalytics’ employees in the countries where we operate. We hope that you enjoy reading this report and look forward to receiving your feedback.<sup>7</sup>



# The Year In Review: A Message From Michael Jantzi, CEO

The predominant theme of 2015 was transformation, as sustainability and ESG moved from the periphery to the centre of mainstream conversations about investment risks and the resiliency of the financial system itself.



Days after the adoption the 2030 Agenda for Sustainable Development, which included a set of 17 Sustainable Development Goals (SDGs), climate change took centre stage. On September 29, Mark Carney, Governor of the Bank of England and Chairman of the G20's Financial Stability Board (FSB), delivered his speech entitled "Breaking the tragedy of the horizon – climate change and financial stability" in London. Highlighting the growing consensus that climate change is unequivocal, Carney stated that "the catastrophic impacts of climate change will be felt beyond the traditional horizons of most actors – imposing a cost on future generations that the current generation has no direct incentive to fix."<sup>9</sup> Shortly afterwards, the FSB launched its Task Force on Climate-related Financial Disclosures.

These events ignited conversations among (and between) the ranks of senior political, business, investment and civil society leaders, resulting in tremendous momentum going into the COP21 in December. The landmark agreement reached in Paris resulted in 195 countries agreeing, by consensus, to reduce their carbon output "as soon as possible" and to do their best to keep global warming "to well below 2 degrees." Although executed by countries, the agreement was aided by the active involvement of non-state actors, including capital market participants. The event galvanized the global RI community, highlighting the investment industry's role in minimizing climate risks at the portfolio level, but also the opportunity afforded to them to allocate the capital required for energy transition.

The unrelenting pace of ESG mainstreaming continued unabated as well, aided by a variety of public policy shifts. For example, the US Department of Labor released guidance in October impacting retirement plans covered by the Employee Retirement Income Security Act (ERISA), acknowledging that "ESG factors may have a direct relationship to the economic and financial value of an investment... [and] are proper components of the fiduciary's analysis of the economic and financial merits of competing investment choices."<sup>10</sup>

Driven in part by this broader systemic and industry momentum, 2015 was also a transformative year for Sustainalytics. We made significant investments as the company embarked on a new Five-Year Plan, including the successful launch of an enhanced Corporate Governance offering, solidifying Sustainalytics as a "one-stop shop" for E, S and G insights. We intensified an already ambitious innovation agenda as well, focusing on a variety of product and research process projects. And finally, Sustainalytics continued to extend our global reach in 2015, laying the foundation for our new office in Australia.

All in all, Sustainalytics had a successful 2015, underpinned by a focus on the company's key performance drivers – recurring sales growth and high client retention rates. We believe Sustainalytics remains an industry leader in both of these categories, and when combined with our continued practice of carefully managing costs, these results strengthened our ability to execute on our mission of providing "the insights required for investors and companies to make more informed decisions that lead to a more just and sustainable global economy."

Finally, as the largest pure-play ESG research and analysis firm in the world, Sustainalytics recognises the responsibility we have to apply this same rigorous analysis to ourselves. With the launch of our third sustainability report, we continue the process of focusing inward. Nevertheless, we humbly acknowledge that Sustainalytics has a long way to go in meeting our goal of becoming an SME leader with respect to integrating sustainability considerations into business strategy, business management systems, goal setting and incentive structures, and management reporting. Our heartfelt gratitude for your continuing support in this endeavour.

A handwritten signature in blue ink, appearing to read "Michael", written in a cursive style.

Michael C. Jantzi  
Chief Executive Officer  
Sustainalytics





## Sustainability Context

# Sustainability Context – Our Place In The World

Sustainalytics’ mission – to “provide the insights required for investors and companies to make more informed decisions that lead to a more just and sustainable global economy” – means that through our core work, we strive to improve economic, environmental and social conditions at a global level.

Clearly, given our relatively small size and operational footprint, this objective is well beyond the capability of Sustainalytics to achieve alone. Even so, we acknowledge that Sustainalytics’ success is dependent on *How Well We Do Things*, and sustainability is a key component within that scope. As highlighted in last year’s report, management believes it is critical to embed sustainability parameters into our decision-making and reporting because it improves our understanding of the business and helps us to achieve attractive financial performance.

It is through our relationship with hundreds of clients, who manage trillions in assets, that Sustainalytics has a more significant opportunity to have an impact. While Sustainalytics’ financial success depends on the company’s ability to deliver high quality ESG and corporate governance insights and tools to our clients, they are also critical in supporting the allocation of capital in a manner that leads to sustainable outcomes over the long-term. Accordingly, the risk and opportunities associated with sustainability remain central to our thinking across all aspects of the business, including product development, delivery, support and service. In other words, sustainability is at the core of *What We Do*.

As highlighted in previous reports, Sustainalytics’ objective has been to develop a way to measure how clients use our work to support the transition to a more just and sustainable global economy. This year’s report highlights a change in focus, as we’ve decided to leverage the United Nations’ 2030 Agenda for Sustainable Development (or more specifically, the new SDGs) as a framework to evaluate the impact of our contributions. As highlighted in the Impact on Clients section, a selection of these 17 themes provides Sustainalytics with the ability to measure impact at the product/project level – at least initially – more effectively than in the past.

Sustainalytics understands that the need to consider systemic impact is undeniable. Recently, some leading-edge asset owners have publicly articulated that they have a fiduciary duty not only to focus on financial security for members or safeguarding the pension promise, but also to ensure that they work to secure a world into which their plan members wish to retire. As Peter Borgdorff, Managing Director of Pensionenfonds Zorg en Welzijn (PFZW), has noted: “A good pension is worth nothing in a polluted and unsafe world.” Moving forward, Sustainalytics will focus increasingly on contributing to a collective dialogue about how best to address systemic risks that threaten the resiliency of systems upon which we all depend.

And finally, experience shows that publishing a report such as this ensures that we track and manage sustainability issues appropriately. The discipline of highlighting both our successes and challenges helps to keep us humble and accountable to our most important stakeholders as well.





# Our Reporting Approach

## Our Reporting Approach

Sustainalytics’ reporting process is designed to identify, track and manage material sustainability issues appropriately. Our reporting framework is based on the GRI’s Principles for Defining Reporting Content (sustainability context, stakeholder inclusiveness, materiality, completeness) as well as information and input from various stakeholders. This comprehensive process ensures we are continually measuring and monitoring key sustainability performance metrics.

### Our Stakeholders

As part of Sustainalytics’ commitment to integrating sustainability into decision making, management interacts with our staff and other stakeholders in a variety of ways, doing our best to incorporate feedback and address challenges as they arise. Below is a sampling of how Sustainalytics engaged with some of our stakeholders in 2015.

Figure 2: Sustainalytics’ Stakeholders

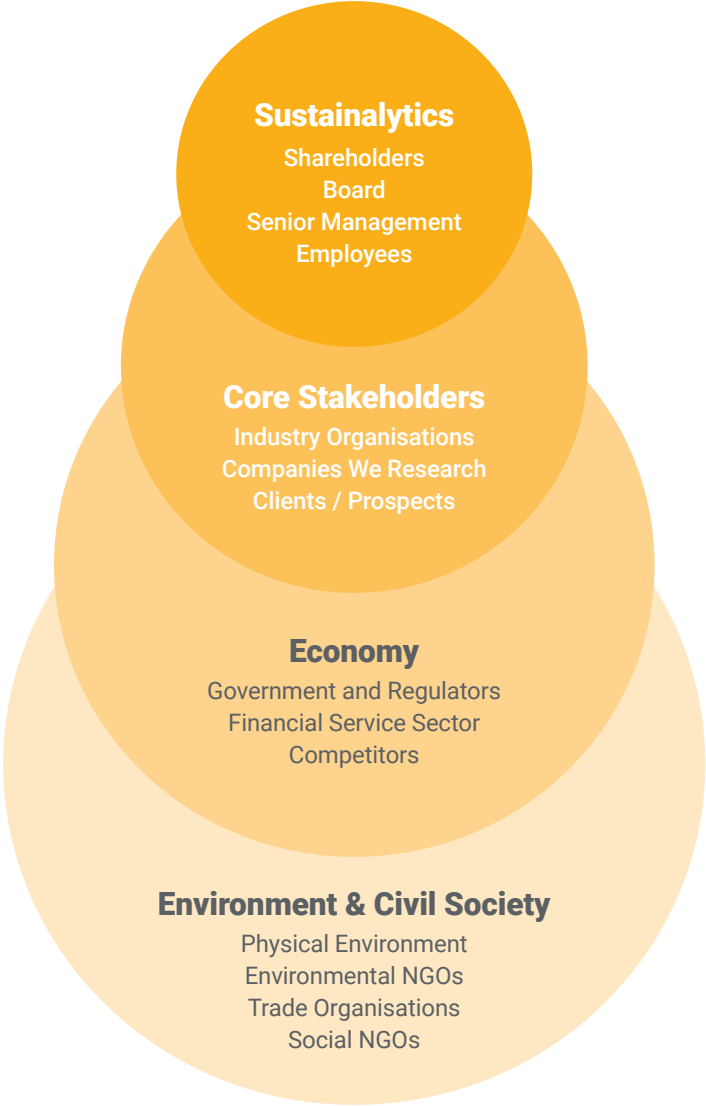




Figure 3: Examples of Stakeholder Engagement in 2015

Stakeholder	Method of Engagement	Frequency	Main Concerns Raised in 2015	Our Response
<b>Shareholders</b>	Annual General Meeting and CEO contact	Annually and as required	None cited	
<b>Board</b>	Board meetings	Quarterly	None cited	
<b>Employees</b>	CEO & COO company updates  Other management and Human Resource communication channels	At least annually	Skills training ( <i>Human Capital: Professional Growth Opportunities</i> )	Reallocated training budget towards identified areas: English language and Microsoft Excel skills
<b>Clients</b>	Solicit feedback on existing and proposed products and services through regular client contact, targeted surveys and other feedback mechanisms	As required	The breadth, relevance and timeliness of our research ( <i>Products: Product and Service Quality</i> )	Client feedback informed our innovation agenda in 2015. We expanded our coverage universe to address client needs and invested in IT solutions to improve the timeliness of our research and analysis. We are in the process of implementing new procedures to make our research processes more efficient.
<b>Companies we research</b>	Solicit feedback on company profiles as part of our research process	Annually	Limitations in adapting ESG research to company-specific circumstances ( <i>Products: Product and Service Quality</i> )	Added indicators and adjusted our processes to help ensure that company-specific circumstances are better reflected in our research. These changes were also driven by broader market challenges.
<b>Industry organisations</b>	Memberships, position on governance body or committee, event participation and collaboration	Monthly	None cited	

## Materiality Assessment

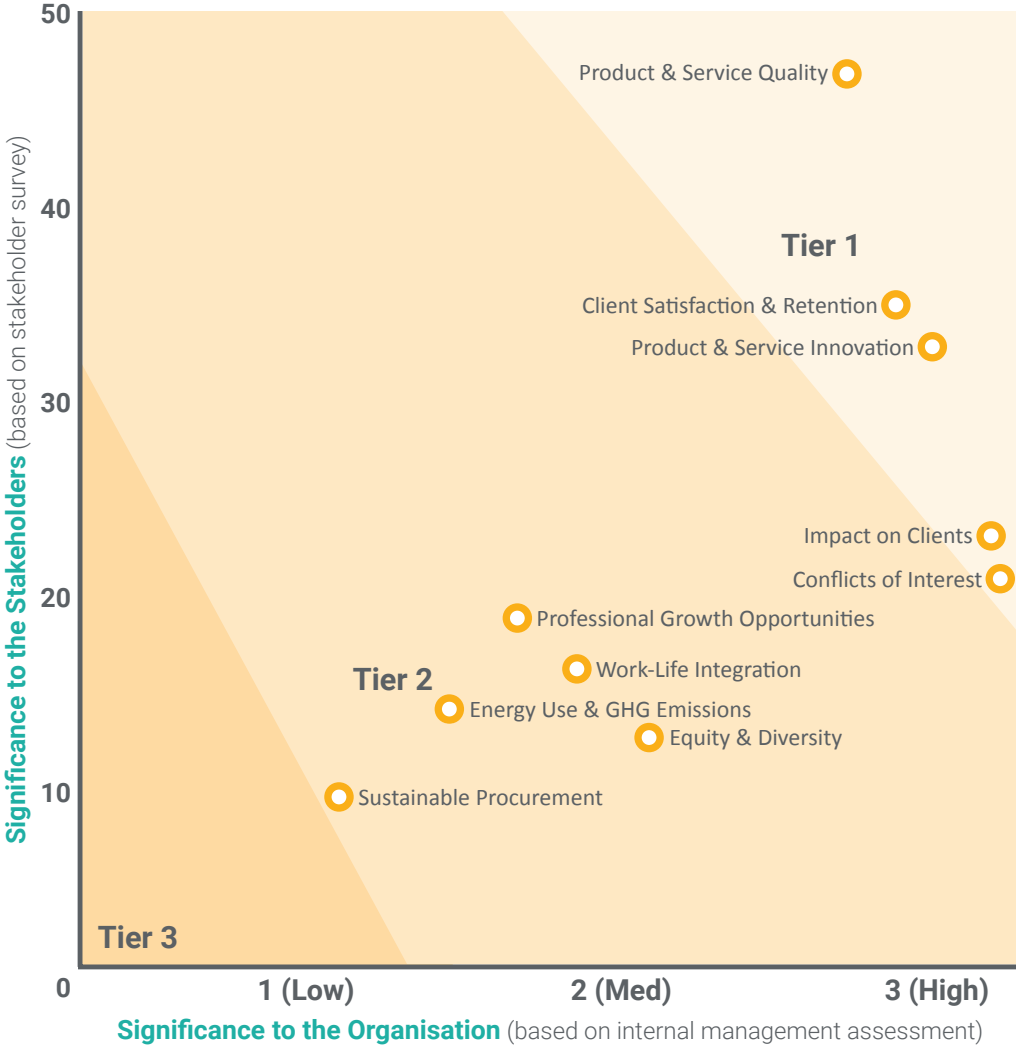
Sustainalytics' starting point for analysing materiality was based on the methodology outlined in the GRI's G4 Guidelines. We leveraged GRI's four-step process – identify, prioritise, validate and review – to arrive at our list of ten highly material issues. Subsequently, we ranked these issues in terms of significance to the organisation and stakeholders from Tier 1 to Tier 3, with Tier 1 being the most significant material issues and Tier 3 being the least.

Figure 4: Materiality Process based on GRI G4 Guidelines



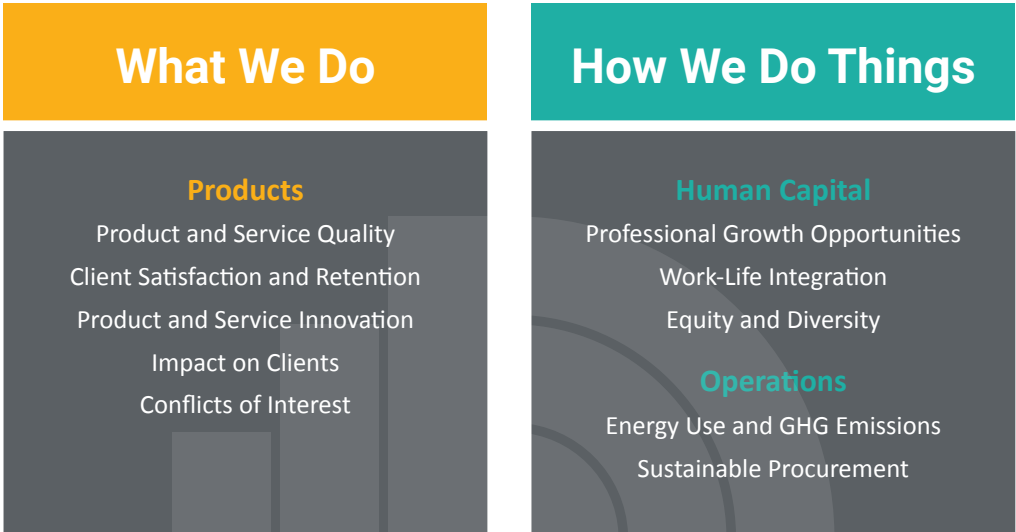


Figure 5: Sustainalytics' 2015 Materiality Matrix



Senior management then grouped these issues according to a strategic sustainability framework, broken down into three areas – Products (What We Do), and Human Capital and Operations (How We Do Things). The key performance indicators (KPIs) used to measure our progress with respect to these areas were indicated through a traffic light system:

- Green to indicate that we were on target
- Amber to indicate that we fell just short of our target
- Red to indicate that we failed to meet our target by a more significant margin
- In cases where a target was not set, we left the traffic light blank



Sustainalytics is committed to performing a full materiality assessment on a biennial basis. Accordingly, the executive team re-examined the 2014 materiality matrix and evaluated the ten highly material issues through a 2015 lens. The only change was a shift of “Conflicts of Interest” to Tier 1.





Material Issues:  
What We Do

# Material Issues: What We Do

## Products

The first set of performance metrics encompasses the material indicators that inform Sustainalytics’ decisions with respect to what we deliver to the market (What We Do). We reported on these issues through a products and services lens, focusing on five sustainability themes identified through the materiality assessment process: Product and Service Quality; Client Satisfaction and Retention; Product and Service Innovation; Impact on Clients; and Conflicts of Interest.

### What We Do

**Products**

- Product and Service Quality
- Client Satisfaction and Retention
- Product and Service Innovation
- Impact on Clients
- Conflicts of Interest

### Product and Service Quality

Without quality products and services, any firm, including Sustainalytics, would struggle to remain relevant. Providing products that deliver meaningful ESG insights underpins our growth as a firm and ensures we stay true to our vision and mission. In 2015, Sustainalytics met its revenue and profitability targets, while just missing its new sales and cash creation objectives.

Material Issue: Product and Service Quality				
	2014	2015		2016
KPI	Assessment	Goals	Assessment	Goals
Revenues	●	Put in place robust QMS framework by end of 2015 that could be subject to external certification	●	Continue to support improvements to the QMS process
New Sales	●		●	
Profitability	●	Achieve internal KPIs	●	Achieve internal KPIs
Core Cash Creation	●		●	



Sophisticated and new competitors entering the market and a growing client base mean that Sustainalytics’ product suite has become more diverse, and research quality becomes increasingly important.<sup>11</sup> Sustainalytics recognises that, in part, delivering quality insights to our clients depends on following a disciplined methodology and research process. As such, the Quality Management Team (QMT) doubled in size to four members to help ensure that our “products and quality processes are monitored continuously to ensure deliverables are completed on time and with excellence.”<sup>12</sup> A selection of improvements include:

- **Client Concerns:** Formalised a system to collect, handle and report on actionable client concerns applicable to Sustainalytics’ ESG Company Reports. Processing these client concerns led to a review of select business processes and to the improvement of the quality of individual ESG Company Reports.
- **ESG Ratings:** Redesigned and mapped existing research processes for our ESG Ratings, including quality control mechanisms. The QMT guided the design of new business processes to strengthen the quality, consistency and timeliness of our research and the quality of our ESG Company Reports based on a core set of quantitative performance indicators.
- **Incidents and Events:** Enhanced the business process for identifying, analysing and finalising incidents that feed into the events analysis of our ESG Company Reports. These improvements have led to more efficient and timely incidents capture and processing.
- **Data Processes:** Reviewed and improved efficiency, reliability and accurate documentation of the large sets of corporate and financial data that are processed on a daily basis, as well as the related business processes.
- **Internal Research Software:** Ensured that quality control mechanisms were integrated into a new internal research software, which will allow all of Sustainalytics’ corporate and country ESG research to be conducted in one integrated and modular system.

Looking to service quality, Sustainalytics formed a Portfolio Analysis Team to centralise the preparation of all client deliverables globally (with the objective of ensuring high quality deliverables). Additionally, an Events Oversight Committee (EOC) was created as part of the Sustainalytics’ controversy ratings review board, which reviews significant controversy rating changes, thereby helping to ensure rating integrity and quality.

The 2015 Extel and SRI-Connect Independent Research in Responsible Investment survey ranked Sustainalytics as the number two independent socially responsible research firm (number one in 2014), and we were ranked among the three best independent corporate governance research firms (same in 2014). Moreover, a variety of Sustainalytics’ analysts earned top rankings in the “Best Analyst for SRI Research” and “Best Client Service/Sales Representative” in both the corporate governance and SRI categories. Finally, Sustainalytics was recognised in the 2015 Global Capital Bond Awards as the “Best SRI or Green Bond Research or Rating Firm.”

Client Satisfaction and Retention

Our ability to retain clients is imperative for Sustainalytics to continue to be a successful business, growing at a rate we believe to be about two times the industry average. In 2015, Sustainalytics’ client retention rate improved over the prior year, moving back in line with our 95% target.

Material Issue: Client Satisfaction and Retention				
	2014	2015		2016
KPI	Assessment	Goals	Assessment	Goals
Client Retention Rate		Enhance client feedback mechanisms we have in place to include a broader set of KPIs		Achieve a client retention rate of at least 95%
		Leverage the functionalities of the CRM to improve response time, analysis and resolution of client feedback and install global tracking		Leverage the enhanced feedback mechanisms integrated in 2015 to execute targeted client outreach
		Improve the process in which client satisfaction is reviewed and analysed at structured intervals of each client relationship to increase client satisfaction		Solicit specific feedback on the new products launched in 2015, namely; Global Access, Corporate Governance Research and Ratings suite and the Carbon Solutions Suite
		Achieve client retention rate of 95%		

Sustainalytics worked in 2015 to enhance our client feedback mechanisms, formalising a client survey process. The initial results highlighted that more than 80% of respondents were likely/very likely to recommend Sustainalytics to a colleague. We also track client usage rates and proactively manage client relationships, alongside efforts to continue to improve response times. For example, Sustainalytics restructured the client services team to create the capacity for senior staff to spend more time working with key clients, starting with the initial onboarding experience, through to ESG integration and other support.

Acknowledging that our clients have a variety of needs, and are motivated in a myriad of ways, Sustainalytics remains committed to co-creating bespoke solutions, honouring our belief that a “one size fits all” solution is neither preferred by clients, nor in the best interest of a dynamic and constantly evolving market. These efforts are underpinned by an expanding client services team, increasingly staffed by individuals with relevant capital market experience.



Product and Service Innovation

As a mission-based organisation, Sustainalytics attempts to monitor the impact our products and services have on clients, in the hope that they inform capital allocation decisions that lead to a more just and sustainable global economy. In the past, our objective has been to develop a framework that measures the impact of our products and services. Moving forward, it is likely that Sustainalytics’ efforts will be focused on contributing to a collective dialogue about how to best address systemic risks that threaten the resiliency of systems upon which we all depend.

Material Issue: Product and Service Innovation				
	2014	2015		2016
KPI	Assessment	Goals	Assessment	Goals
Product Innovation	●	Launch Global Access in Q2 of 2015, with improved navigation tools and enhanced analyst views on each company’s management of key ESG issues  Roll out Corporate Governance Research and Ratings Products, and other product and process innovations	●	Deliver improvements to Global Access
Process Innovation	●		●	Launch new data services offering  Launch enhanced Climate Solution suite  Integrate state-of-the-art technologies to improve research processes

The results of Sustainalytics’ ambitious innovation agenda started to become evident in 2015, as we released a variety of product enhancements and new tools into the market.

Sustainalytics launched Global Access, the gateway through which our clients now access all of Sustainalytics’ research. Informed by extensive market outreach, Sustainalytics also unveiled our Corporate Governance Research and Ratings product suite, which provides asset owners and managers with the governance insights they require to support investment decision-making, portfolio analysis, policy formulation, engagement and proxy voting.

As climate change emerged as a top priority on political and regulatory agendas in 2015, Sustainalytics released a Carbon Solutions suite, designed to help our clients understand and address their portfolio exposure to carbon risks and implement low carbon mandates. It includes Carbon Intensity Data, Carbon Portfolio Analytics, Stranded Carbon Assets Research, and High-Impact Fossil Fuel Research.

Other initiatives included the development of the Conflict Radar product, which we introduced as the UN Arms Trade Treaty came into force at the beginning of 2015. It provides clients with research on companies that are providing arms to sanctioned countries or those considered to be at high risk of violence against civilians. Sustainalytics also released an enhanced version of our Country Risk Monitor, which rates countries on their ESG performance and allows for a more sophisticated evaluation of countries based on international norms.

Finally, it is important to highlight that Sustainalytics’ innovation initiatives are also focused on information extraction and analytics. In other words, we embarked on a project to more effectively collect and analyse increasing amounts of data globally, and efficiently turn that into meaningful insights for our clients. To keep up with this ambitious agenda, Sustainalytics almost doubled the size of its ICT Development team to 44 people. We achieved this, in part, through the acquisition of ESG Analytics, as several of its team members had extensive technical and product development expertise.

Sustainalytics’ ability to deliver across the innovation agenda—from concept, through development and delivery—with an in-house and dedicated team of professionals, provides us with a significant competitive advantage over smaller and under-capitalised competitors.

Impact on Clients

As a mission-based organisation Sustainalytics attempts to monitor the impact our products and services have on clients, in the hope that they inform capital allocation decisions that lead to a more just and sustainable global economy. In the past, our objective has been to develop a framework that measures the impact of our products and services. Moving forward it’s likely Sustainalytics’ efforts will be focused on contributing to a collective dialogue about how to best address systemic risks that threaten the resiliency of systems upon which we all depend.<sup>13</sup>

Material Issue: Impact on Clients				
	2014	2015		2016
KPI	Assessment	Goals	Assessment	Goals
Impact Framework Development	●	Scope the development of an impact framework	●	Broaden impact-oriented product suite  Contribute to emerging discussion about systemic risks and opportunities

A critical way for Sustainalytics to have a significant impact is to gain access to segments of the market for which ESG historically hasn’t been on the agenda. Sustainalytics made significant strides in this regard, as we entered into a strategic partnership with Morningstar, Inc. to provide the first-ever ESG scores for global mutual and exchange-traded funds. By collaborating with Morningstar, a leading provider of investment research globally, Sustainalytics is beginning to reach those capital markets players that traditionally have not had access to ESG information and/or have deliberately positioned themselves “outside of the tent.”

More broadly, Sustainalytics believes that our greatest influence is via our clients, as they leverage our products and services to inform their decision-making. In our effort to better evaluate the impact of our products and services, Sustainalytics has leveraged the SDGs.<sup>14</sup> Below, we pair some of our deliverables with a subset of the 17 SDGs. They illustrate how Sustainalytics’ research, analysis, insights and tools contribute to the critical role our clients can play in sustainable development.



<div>2 ZERO HUNGER</div> 	<p><b>Access to Nutrition and Access to Seeds Indexes</b></p> <p>Sustainalytics developed the methodology, provided data and scoring, and drafted the reports for the 2016 Access to Nutrition Index, released in January 2016 and the inaugural Access to Seeds Index, released in February 2016. The Access to Nutrition Index aims to stimulate large food and beverage companies globally to enhance access to nutrition in developing countries. The Access to Seeds Index facilitates the discussion on how the seed industry can step up its efforts to address hunger in the least developed areas of the world.</p>
<p><i>End hunger, achieve food security and improved nutrition and promote sustainable agriculture.</i></p>	
<div>8 DECENT WORK &amp; ECONOMIC GROWTH</div> 	<p><b>Sustainability Bonds Services   Employment Social Bond</b></p> <p>Sustainalytics helped numerous issuers develop frameworks aligned with the Green Bond Principles and provided assurance that the bond proceeds are allocated, managed and reported in a transparent manner. For example, The Instituto de Crédito Oficial (“ICO”), a Madrid-based Spanish state-owned bank, issued a social bond aimed at small, medium and micro enterprises with an emphasis on employment creation or employment retention in specific economically underperforming regions of Spain. Sustainalytics assessed whether providing SME loans at favourable terms to promote or retain employment in these regions is likely to support employment creation or retention, and concluded that it is highly likely that affordable financing will have a positive impact on SMEs’ operations, and employment creation.</p>
<p><i>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</i></p>	
	<p><b>KnowTheChain Benchmark</b></p> <p>The International Labour Organization estimates that 21 million people around the world are victims of forced labour. In fact, forced labour in the private economy generates USD 150 billion in illegal profits annually. In 2015, Sustainalytics played a key role in developing a new initiative that focuses on this issue, the KnowTheChain (KTC) benchmark. Funded by Humanity United, KTC is an online resource to promote greater transparency and dialogue around the issue of human trafficking and forced labour in supply chains. The pilot project examined the transparency and disclosure statements of 20 companies across three sectors with regard to forced labour and human trafficking in their supply chains. Sustainalytics played a lead role in developing the methodology, conducting the research, evaluating the companies and writing a report summarising the key findings.</p>

<div>9 INDUSTRY, INNOVATION &amp; INFRASTRUCTURE</div> 	<p><b>Ranking Digital Rights Corporate Accountability Index</b></p> <p>Internet and telecommunications companies, software producers, and device and networking equipment manufacturers exert growing influence over the political and civil lives of people all over the world. These companies share a responsibility to respect human rights. In 2015, Sustainalytics played a key role in launching the Ranking Digital Rights Corporate Accountability Index. The index evaluates 16 of the world’s most powerful Internet and telecommunications companies on their public commitments and disclosed policies affecting users’ freedom of expression and privacy. Sustainalytics was involved in developing the methodology, conducting the research, evaluating the companies and writing a report summarising the key findings.</p>
<p><i>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.</i></p>	
<div>11 SUSTAINABLE CITIES &amp; COMMUNITIES</div> 	<p><b>Sustainability Bonds Services   Sustainable Municipality Bond</b></p> <p>Sustainalytics provided assurance for BNG Bank’s second Sustainable Municipalities Bond. BNG Bank, a Dutch public sector agency that provides financial services to local authorities and public sector institutions, used a methodology developed by the Tilburg Sustainability Center of Tilburg University (TSC-Telos) for ranking municipalities based on their sustainability performance. Sustainalytics conducted a detailed review of the TSC-Telos methodology and concluded that the bond proceeds would be loaned to best-in-class sustainable municipalities in the Netherlands. We further determined this would encourage other Dutch municipalities to improve their overall sustainability performance.</p>
<p><i>Make cities and human settlements inclusive, safe, resilient and sustainable.</i></p>	
<div>13 CLIMATE ACTION</div> 	<p><b>Carbon Solutions Suite</b></p> <p>Sustainalytics developed a Carbon Solutions suite designed to help clients understand and address their portfolio exposure to carbon risks and implement low carbon strategies.</p>
<p><i>Take urgent action to combat climate change and its impacts.</i></p>	<p>Furthermore, the Climate Bond Standards Board made Sustainalytics an approved verifier, which authorises Sustainalytics to assess whether a bond’s assets meet the Climate Bond Standard’s environmental and financial guidelines.</p>



<p><b>16 PEACE, JUSTICE &amp; STRONG INSTITUTIONS</b></p>  <p><i>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.</i></p>	<p><b>Global Compact Compliance Service</b></p> <p>Sustainalytics contributes to the promotion of peaceful and inclusive societies for sustainable development through our Global Compact Compliance Service. This service enables investors to identify companies implicated in severe, structural breaches of the United Nations Global Compact Principles, which are based on international norms. Sustainalytics takes a rights-first approach, which looks at fundamental human rights (as defined by core human rights charters) at risk.</p>
<p><b>17 PARTNERSHIPS FOR THE GOALS</b></p>  <p><i>Strengthen the means of implementation and revitalize the global partnership for sustainable development.</i></p>	<p><b>ESG and Corporate Governance Research and Analysis</b></p> <p>During the past 20 years, Sustainalytics has worked with global investors to provide them with ESG research and analysis, enabling them to make more informed and sustainable investment decisions. Over that time, we have seen an increase in transparency among companies in both developed and emerging markets, improved sustainability performance among many of the companies we track, and an increase in the awareness of the importance of sustainability among investors, companies, NGOs and civil society.</p>

As a final note, Sustainalytics’ Thematic Research Team produced more than 20 investor-oriented thematic and sector reports, which highlighted material ESG risks and opportunities alongside broader systemic sustainability challenges, emphasising the need for creative reform. Sustainalytics distributes these reports beyond our normal constituencies, in part to ensure these important issues get in front of decision-makers and market influencers. Finally, Sustainalytics strengthened our relationships throughout the academic community, including a partnership with the UK-based Cass Business School.<sup>15</sup>

### Conflicts of Interest

Sustainalytics avoids entering into commercial relationships that might jeopardise the company’s integrity and research independence.

Sustainalytics introduced a global Code of Conduct in 2015. This Code replaced existing regional codes and aggregated a variety of policies and procedures.

Material Issue: Conflicts of Interest				
	2014	2015		2016
KPI	Assessment	Goals	Assessment	Goals
Code of Conduct Implementation	●	Complete Code of Conduct implementation across global operations	●	Implement processes to ensure 100% of employees read and sign upon hiring and annually thereafter

### Memberships

**Global charters and principles to which Sustainalytics subscribes:**

- United Nations backed Principles for Responsible Investment (UNPRI)
- Climate Bonds Standards Board—Verified organisation
- Green Bonds Principles

**Global initiatives in which Sustainalytics participates:**

- United Nations Global Compact (UNGC)

**Industry associations and organisations in which Sustainalytics holds a position on the governance body or participates in projects or committees:**

- The Forum for Sustainable and Responsible Investment in the United States (USSIF): Board member and conference planning committee member
- Canadian Responsible Investment Association (RIA): Board member
- Network for Business Sustainability (NBS): Board member
- Canadian Business for Social Responsibility (CBSR): Board member
- Sustainability Network Canada: Board member
- Building a Sustainably Investing Community (BASIC): Chair of membership
- Council of Institutional Investors (CII): Capital Markets committee member





## Material Issues: How We Do Things

# Material Issues: How We Do Things

The second area of discussion encompasses those material indicators that inform Sustainalytics' decisions with respect to managing the company (How We Do Things). As highlighted previously, we firmly believe that it is critical to integrate sustainability parameters into our management decision-making and reporting because it improves our understanding of our business, in addition to being the right thing to do.

We have reported on these issues through a Human Capital and Operations framework, focusing on five sustainability themes identified through the materiality assessment process – three under Human Capital (Professional Growth Opportunities, Work-Life Integration, and Equity and Diversity) and two in the Operations category (Energy Use and Greenhouse Gas [GHG] Emissions, and Sustainable Procurement).

### How We Do Things

#### Human Capital

- Professional Growth Opportunities
- Work-Life Integration
- Equity and Diversity

#### Operations

- Energy Use and GHG Emissions
- Sustainable Procurement

### Human Capital

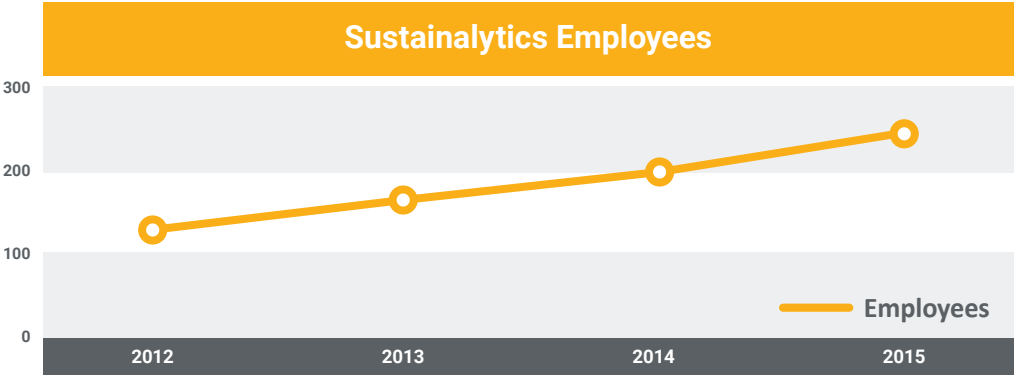
Our ability to attract talented staff, nurture their career development, and provide them with a safe and progressive working environment is a competitive advantage. This is increasingly important as a mainstreaming market needs ESG providers that can provide high quality research, insightful analysis, and timely and meaningful client service. These are the primary reasons that Sustainalytics continues to build its own team of experts globally, as opposed to producing research through a network of partnerships or leveraging outsourcing firms, enabling us to have full control over quality and service. Finally, managing our human capital efficiently is a critical ingredient in the long-term success of Sustainalytics, given that personnel costs represent approximately 79% of our annual cost base. On that front, Sustainalytics had a very successful year, managing expenditures to budget.



At year-end Sustainalytics employed 240 people, representing a 20% year-over-year increase. The vast majority of our staff are permanent, full-time employees, with 5% of employees on fixed-term contracts and 6% working part-time.

The Sustainalytics team spanned nine countries – the largest offices being Timisoara, Romania (30% of staff); Toronto, Canada (19%); and our headquarters in Amsterdam, the Netherlands (19%).<sup>16</sup>

Figure 6: Sustainalytics’ Employee Growth



Professional Growth Opportunities

Sustainalytics successfully managed all existing professional development programmes.

Material Issue: Professional Growth Opportunities				
	2014	2015		2016
KPI	Assessment	Goals	Assessment	Goals
Training budget as a percent of personnel costs	●	Maintain existing suite of professional development programmes	●	Maintain existing suite of professional development programmes
Education credit usage	●	Complete annual performance and career development reviews for at least 90% of eligible employees on time	●	Complete annual performance and career development reviews for at least 90% of eligible employees on time
Annual performance and career development reviews	●		●	

Sustainalytics’ global appraisal and career progression frameworks support equitable professional growth. We firmly believe that transparency is key to retaining, developing and promoting our talented employees over time. In 2015, 94% of eligible employees received an end-of-year performance and career development review (98% in 2014), in line with our goal of 90%.

Most employees have 10% of their work plans allocated to learning and development, and are entitled to a €750 training credit per year. In 2015, employees spent on average more than 46 hours on professional development initiatives and used (on average) about 75% of their training credit. More than half of our full-time employees undertook 16 hours or more of training outside of work, an increase of 10% over 2014.

Sustainalytics offers a minimum of two paid study leave days to every employee. The company pays for CFA accreditation and other industry programmes such as the Claritas Investment Certificate and PRI Academy. In 2015, Sustainalytics also offered English language courses, and a coaching and mentoring course for new managers.

Figure 7: Professional Development at Sustainalytics



Work-Life Integration

Sustainalytics aims to provide employees with the ability to efficiently manage the ever-shifting boundaries between work and life. Ultimately, a happy, healthy and engaged workforce supports employee retention, and leads to greater company performance overall,<sup>17</sup> thereby strengthening our ability to have the greatest impact as a company.

Examples of some of our work-life integration practices beyond the standard benefit suite offered by a company of our size include:

- Flexible return-to-work practices for employees returning from maternity and parental leaves;
- Support for employee-initiated transfers to another global office for personal or professional growth opportunities; and
- The opportunity for employees working abroad to spend two weeks per year working from their home country.

Work-life integration also means tapping into employees’ motivations for working with a company like Sustainalytics, driven by a desire to have a positive impact through the work they do. To that end, employees were given the opportunity to participate in programmes such as: our annual Global Volunteer Day;<sup>18</sup> Global Clothing Drive; Get Your Green On (discussed in the Operations section); employee exchanges (discussed in the Equity and Diversity section below) and various social events. Sustainalytics also allocates each employee 2.5 days per year to pursue volunteering activities. These initiatives aim to connect employees with their passion for sustainability, entrepreneurialism, and desire to be a part of something more than just a workplace.



## Material Issue: Work-Life Integration

	2014	2015		2016
KPI	Assessment	Goals	Assessment	Goals
Employee Turnover	●	Achieve employee turnover of 10% or less	●	Achieve employee turnover of 10% or less  Deliver the company's first global HR engagement survey  Analyse turnover data and deliver initiatives aimed at reduction within the scope of its influence

Furthermore, work-life integration means creating an environment where employees feel they can perform consistently at their best, and rewarding them based on the value they provide. Here too, the successful implementation of our appraisal framework, remuneration structure, and career progression framework is of central importance to employee retention.

Another key measure of Sustainalytics' success is employee turnover. Unfortunately, in each of the last two years Sustainalytics' turnover rate has been above our target. Entry-level positions experienced higher levels of voluntary turnover compared to other roles. One-third of voluntary departures can be attributed to employees making a career change. Moreover, due to the international character of Sustainalytics, employees working abroad sometimes decide to relocate or move home. Turnover at senior levels was higher in 2015, but remains rare.

Whatever the reasons, employee turnover is an area of focus for improvement. Accordingly, Sustainalytics embarked on a comprehensive review of our human resources strategy, policies, programmes and initiatives—the results of which will inform management decision-making going forward.

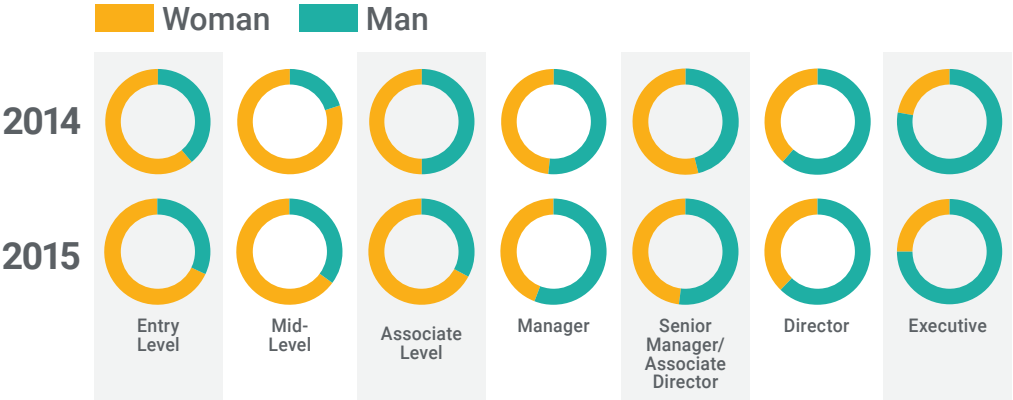
### Equity and Diversity

It is widely accepted that diversity across a workforce makes for a more successful and sustainable company.<sup>19</sup> Accordingly, Sustainalytics' focus is on leveraging our cultural and geographic diversity, and attracting, retaining and advancing the best talent from the largest pool of high-quality candidates as possible.



Sustainalytics is a diverse family. In 2015, we represented 43 nationalities and spoke 36 languages. At year-end 58% of staff were women, including 40% of senior management (16/37 senior positions) and 25% of the executive team (2/8). More specifically, Sustainalytics was close to achieving its targets for representation of women at senior levels. Approximately 48% of Associate Directors were female (50% target), while 38% of Directors were women (40% target).

Figure 8: Sustainalytics' Employees by Level and Gender



## Material Issue: Equity and Diversity

	2014	2015		2016
KPI	Assessment	Goals	Assessment	Goals
Employee Exchanges	●	Maintain existing employee exchange programme	●	Maintain existing employee exchange programme
Representation of women at senior levels of the company	●	Introduce new hiring processes for senior positions  Introduce procedures for analysing salary increases and promotions by gender  Formally launch the women's professional development programme  Execute diversity training for the Human Resources team	●	Introduce procedures for analysing salary increases and promotions by gender  Formally launch the women's professional development programme  Execute diversity training for the Human Resources team

Another key measure of diversity and equity is pay ratio by gender. Accordingly, Sustainalytics analysed the ratio of the salary of women to men for each employee category by significant locations of operation.<sup>20</sup> Due to the limited sample size, we cannot report the results by employee category and location without compromising employee confidentiality, but in aggregate:

- The ratio of basic salary of women to men at entry- through manager-level positions was 1:1 (0.99:1 in 2014)
- The ratio of basic salary of women to men at senior management positions was 0.84:1 (0.81:1)

The initial findings of this study reminded us that societal patterns of inequality have the potential to perpetuate themselves within our company in the absence of deliberate efforts to mitigate them. In that light, Sustainalytics implemented a number of measures and corresponding goals targeted at ensuring gender equity in our hiring and promotion processes. These include:



- Increased scrutiny of hiring processes for senior positions: Sustainalytics reviewed its hiring processes for senior positions with the goal of increasing the representation of women at these levels. Following this review, the Human Resources team introduced a new procedure – with each hire, three members of the executive team are required to sign off that a set of gender considerations were taken at various steps in the recruitment and hiring process.
- Procedures for analysing salary increases and promotions by gender: We began systematically collecting this data in 2015; and its analysis will be an area of focus in 2016.
- Diversity training for the Human Resources team: The first sessions were held in 2015 and more sessions are planned for 2016.
- Formally launch the women’s professional development programme: The programme’s official launch was postponed to 2016.

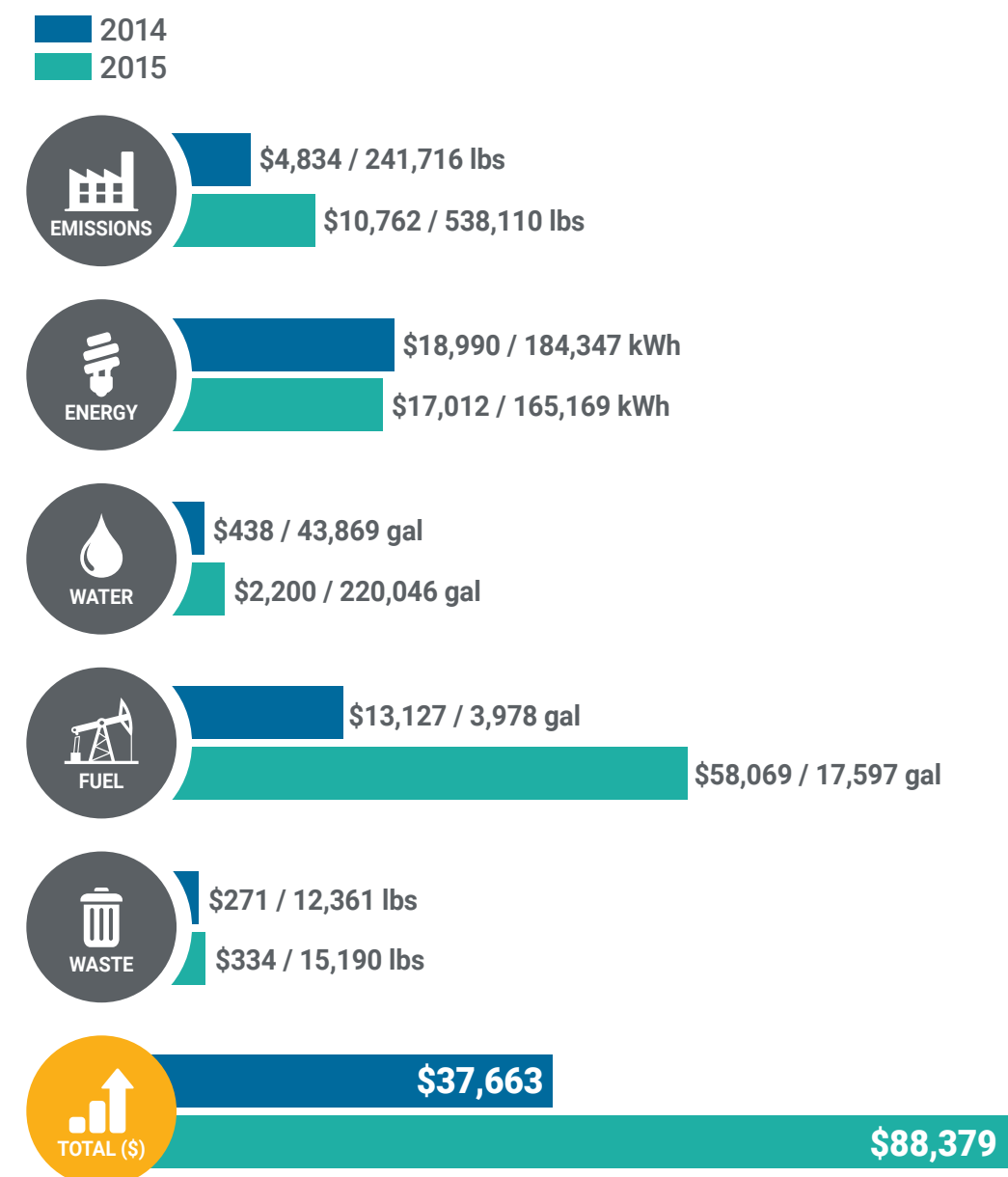
Finally, one of the ways in which Sustainalytics actively manages our culturally and geographically diverse workforce is through our employee exchange programme. Every year for the last five years, Sustainalytics has given a select group of employees the opportunity to work in one of our global offices for a period of 3-6 months. In addition to strengthening our global teams and accelerating employee development, the exchanges have fostered rich cross-cultural experiences from which all participants and host offices have benefited. Furthermore, Sustainalytics transferred five employees within the company to different countries in cases where business needs aligned with personal circumstances.

## Operations

Mitigating our environmental footprint through embedding sustainability considerations into our operations is both strategic and an integral part of who we are. Throughout 2015, Sustainalytics closely monitored the policies and programmes introduced in 2014 to see where adjustments and improvements needed to be made.

Sustainalytics entered the second year of its Get Your Green On (GYGO) programme, which leverages an online engagement tool, created by Wespire Inc., that enables our employees to connect through the mission of Sustainalytics on a day-to-day basis. The tool allows Sustainalytics to measure in real-time employees’ impact across a range of issues, including CO2, water use and paper. Additionally, it created a powerful social platform, connected our global family in new and dynamic ways, sparked challenging dialogue, and allowed employees to learn sustainability habits from one another.

Figure 9: Total Savings Through Get Your Green On Actions (in USD)



## Energy Use and GHG Emissions

Sustainalytics measured and offset Scope 3 GHG emissions related to business and commuter travel in 2015.<sup>21</sup> These emissions increased by approximately 21% compared to the year before, in line with employee growth (20%).

Managing our carbon footprint going forward will continue to be challenging for Sustainalytics, as we continue to expand globally and experience significant growth in our global client base. Nevertheless, we will review the Sustainable Travel policy to improve communication and data collection, as part of our effort to find creative solutions to minimize our collective impact.

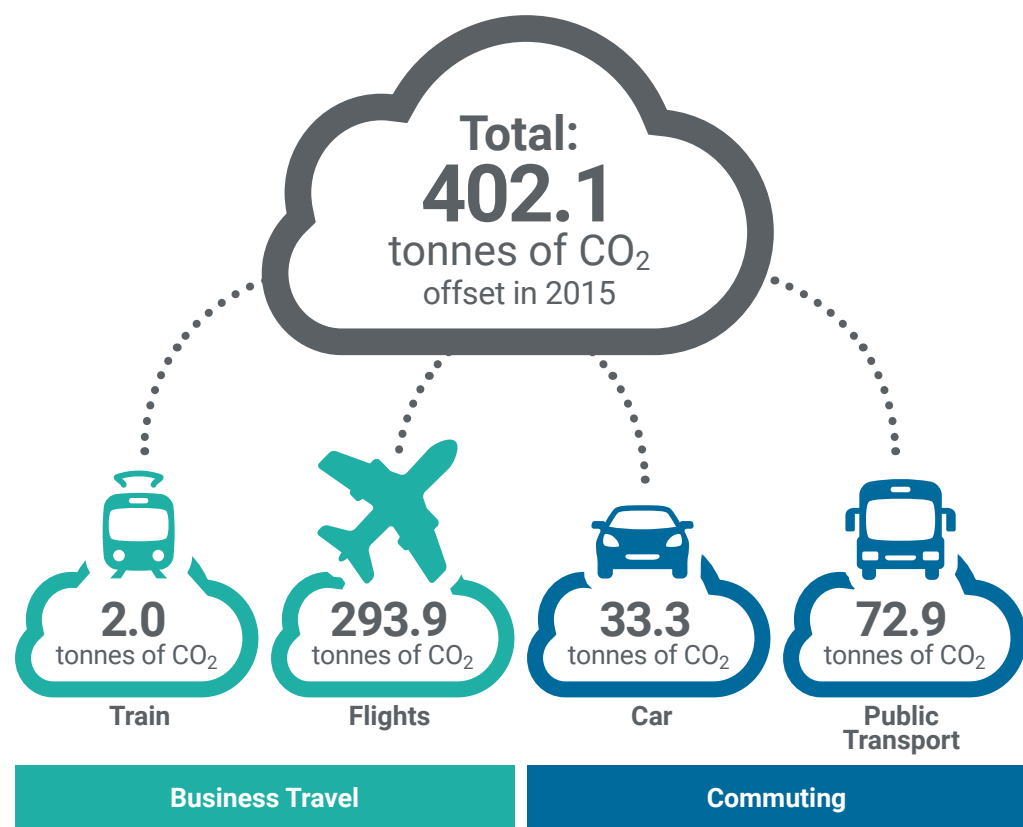


## Material Issue: Energy Use and GHG Emissions

	2014	2015		2016
KPI	Assessment	Goals	Assessment	Goals
GHG emissions offset	●	Create a structured data collection system to measure energy consumption per office by end of 2016	●	Review Sustainable Travel Policy to improve process and guidelines  Create a system to measure energy consumption in a pilot office and roll it out globally in 2017

As part of the 2014 goal setting process, Sustainalytics set a target of creating a structured data collection system to measure energy consumption per office by end of 2016. To ensure that the data collection system is accurate and robust, Sustainalytics will start to build a system to measure Scope 2 Emissions (water, gas, electricity) using a single office as a pilot and will roll it out globally in 2017.<sup>22</sup>

Figure 10: GHG Emissions in 2015 (All Offset)



To help us calculate, and subsequently offset our emissions associated with business and commuter travel, Sustainalytics partners with the Swiss-based foundation [myclimate](#). myclimate worked alongside our internal carbon experts to determine where the company's climate protection and carbon compensation investment will have the greatest impact. Sustainalytics chose to support [CEDESOL](#), a programme that reduces carbon emissions, improves health and reduces stress placed on forestry resources in Bolivia and Paraguay through the replacement of inefficient wood burning stoves with high efficiency rocket stoves or solar cookers.

## Sustainable Procurement

The environmental and social impacts of Sustainalytics' supply chain are not considered to be significant; nevertheless, we make efforts to source responsibly. Our Sustainable Procurement policy applies to office supplies and services, and food and drink associated with staff functions. It has been implemented successfully in all of our offices globally.

## Material Issue: Sustainable Procurement

	2014	2015		2016
KPI	Assessment	Goals	Assessment	Goals
Percentage of eligible purchases made in accordance with policy	●	Maintain policy as implemented and expand scope of policy in 2016 to cover 100% of company purchases	●	Introduce a process for measuring the % of purchases made in accordance with the policy in a pilot office  Maintain policy as implemented and expand scope of policy in 2016 to cover 100% of company purchases

Figure 11: Sustainalytics' Supply Chain

Personnel	Non-Personnel
Payroll administrators	Real estate rented for offices
Recruitment and professional development services	Office maintenance, security and cleaning services
Social securities and benefit providers	Banking financial services
	Pension providers
	Marketing services
	Office furniture, food and supplies providers
	Insurance providers
	Research license providers
	Research partners
	IT services
	Travel service providers
	Legal services





# What's Next?

## What's Next?

In addition to measuring the key indicators highlighted in this report, Sustainalytics will continue to focus on embedding sustainability metrics more effectively into our strategic decision-making and management reporting systems. Sustainalytics will build on its commitment not only to measure and manage these issues, but also to report more effectively to our stakeholders.

Material Issues	2016 Goals	Metrics
What We Do: Products		
1. Product and Service Quality	Continue to support improvements to the QMS process	Revenues
	Achieve internal KPIs	New Sales
		Profitability
		Core Cash Creation
2. Client Satisfaction and Retention	Introduce	Client Retention Rate
3. Product and Service Innovation	Introduce	Product Innovation
		Process Innovation
4. Impact on Clients	Introduce	Impact framework development
5. Conflicts of Interest	Introduce	Code of Conduct implementation
How We Do Things: Human Capital		
6. Professional Growth Opportunities	Maintain existing suite of professional development programmes	Training budget as a percent of personnel costs
	Complete annual performance and career development reviews for at least 90% of eligible employees on time	Education credit usage
		Annual performance and career development reviews
7. Work-Life Integration	Achieve employee turnover of 10% or less	Employee Turnover
	Deliver the company's first global HR engagement survey	
	Analyse turnover data and deliver initiatives aimed at reduction within the scope of its influence	
8. Equity and Diversity	Maintain existing employee exchange programme	Employee Exchanges
	Introduce procedures for analysing salary increases and promotions by gender	Representation of women at senior levels of the company
	Formally launch the women's professional development programme	
	Execute diversity training for the Human Resources team	
How We Do Things: Operations		
9. Energy Use and GHG Emissions	Review Sustainable Travel Policy to improve process and guidelines	GHG emissions offset
	Create a system to measure energy consumption in a pilot office and roll it out globally in 2017	
10. Sustainable Procurement	Introduce and process for measuring the % of purchases made in accordance with the policy in a pilot office	Percentage of eligible purchases made in accordance with policy
	Maintain policy as implemented and expand scope of policy in 2016 to cover 100% of company purchases	





Appendix

# Appendix

The table below lists all of our material issues and the corresponding GRI material aspect. Each material aspect is relevant to all entities included in our consolidated financial statements. While defining the content for this report we did not recognise regional differences.

Material Issues	Why Is It Material?	Corresponding Material GRI Aspect	Corresponding Material GRI Indicator	Issue Boundary Of Impact & Key Interested Stakeholders
Product and Service Quality	Providing products that deliver informative ESG insights underpins our growth as a firm and allows us to push towards our vision and mission.	None identified	G4-DMA None identified	EXTERNAL Clients Prospects
Client Satisfaction and Retention	Our ability to retain clients is imperative for Sustainalytics to continue to be a successful business, serving the responsible investment industry.	None identified	G4-DMA None identified	EXTERNAL & INTERNAL Employees Shareholders Clients Prospects
Product and Service Innovation	Sustainalytics' long-term success depends, in part, on our ability to innovate and deliver more sophisticated products to our clients to meet their needs.	None identified	G4-DMA None identified	EXTERNAL Clients Prospects
Impact on Clients	Enhancing and gaining a better understanding of our impact is a long-term objective.	None identified	G4-DMA None identified	EXTERNAL Clients Prospects Financial services sector



Material Issues	Why Is It Material?	Corresponding Material GRI Aspect	Corresponding Material GRI Indicator	Issue Boundary Of Impact & Key Interested Stakeholders
Conflicts of Interest	Sustainalytics has built strong relationships with our stakeholders by providing outstanding products and service, and doing business according to the highest ethical standards, wherever we operate and whatever the situation. Our commitment to principles such as of fairness, honesty, independence, integrity, and transparency underpin our decisions and actions.	Governance	G4-DMA	INTERNAL
			G4-56	Employees Senior management Board Shareholders
Professional Growth Opportunities	As a knowledge-based organisation, nurturing professional growth and keeping our employees challenged and motivated is paramount to our success as an organisation.	Training & Education	G4-DMA G4-LA9	INTERNAL Employees Senior management
Work-Life Integration	Work-life integration means creating an environment where employees feel they can perform consistently at their best. This, together with nurturing professional growth, is key to recruiting and retaining top talent.	Employment	G4-DMA G4-LA1	INTERNAL Employees Senior management

Material Issues	Why Is It Material?	Corresponding Material GRI Aspect	Corresponding Material GRI Indicator	Issue Boundary Of Impact & Key Interested Stakeholders
Equity and Diversity	Diversity across a workforce makes for a more successful and sustainable company. Accordingly, it is critical that Sustainalytics has access to a large pool of high quality candidates so that it can attract and retain the best talent.	Equal Remuneration for Men & Women	G4-DMA G4-LA13	INTERNAL Employees Senior management
Energy Use and GHG Emissions	Our commitment to sustainable business practices allows us to manage our reputational risk, it differentiates us from some of our competitors, it enhances our brand reputation globally across a range of stakeholder groups, and it assists in the recruitment and retention of talented staff.	Emissions	G4-DMA G4-EN15	EXTERNAL & INTERNAL The environment Employees Senior management
Sustainable Procurement	Our commitment to sustainable business practices allows us to manage our reputational risk, it differentiates us from some of our competitors, it enhances our brand reputation globally across a range of stakeholder groups, and it assists in the recruitment and retention of talented staff.	Procurement Practices	G4-DMA None identified	EXTERNAL & INTERNAL The environment Employees Senior management



# GRI G4 Index for “In Accordance Core”

## GRI G4 Index for “In Accordance” Core

General Standard Disclosures			
General Standard Disclosures	Description	Page Number/Location	Omissions
Strategy & Analysis			
G4-1	Statement from the most senior decision-maker of the organisation	Pg. 8	
Organisational Profile			
G4-3	Name of the organisation	Report Cover	
G4-4	Primary brands products and services	sustainalytics.com/solutions	
G4-5	Location of company's headquarters	Pg. 5	
G4-6	Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	Pg. 5	
G4-7	Nature of ownership and legal form	Pg. 5	
G4-8	Markets served	Pg. 5	
G4-9	Scale of the organisation	Pg. 5	
G4-10	Total number of employees by employment type, employment contract, and region, broken down by gender	Pg. 30 & 33 sustainalytics.com/team	
G4-11	Percentage of total employees covered by collective bargaining agreements	Pg. 50 (Endnotes)	
G4-12	Describe the organisation's supply chain	Pg. 37	
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	Pg. 5	
G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation	Pg. 27	
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	Pg. 27	
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organisations in which the organisation	Pg. 27	
Material Aspects & Boundaries			
G4-17	All entities included in the organisation's consolidated financial statements or equivalent documents including indication which of these are not covered by the report	Pg. 49 (Endnotes)	
G4-18	Process for defining the report content and the Aspect Boundaries	Pg. 13	



General Standard Disclosures	Description	Page Number/Location	Omissions
Material Aspects & Boundaries			
G4-19	Material Aspects identified in the process for defining report content	Pg. 15	
G4-20	Aspect boundary within the organisation for each material aspect	Pg. 41	
G4-21	Aspect boundary outside the organisation for each material aspect	Pg. 41	
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	Pg. 51 (Endnotes)	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries		No changes
Stakeholder Engagement			
G4-24	Provide a list of stakeholder groups engaged by the organisation	Pg. 13	
G4-25	Basis for identification and selection of stakeholders with whom to engage	Pg. 13	
G4-26	Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	Pg. 14	
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	Pg. 14	
Report Profile			
G4-28	Reporting period (such as fiscal or calendar year) for information provided	Pg. 7	
G4-29	Date of most recent previous report (if any).	Pg. 7	
G4-30	Reporting cycle (such as annual, biennial).	Pg. 7	
G4-31	Contact point for questions regarding the report or its contents	Pg. 49 (Endnotes)	
G4-32	‘In accordance’ option chosen for the report	Pg. 7	
G4-33	Organisation’s policy and current practice with regard to seeking external assurance for the report	Pg. 7	
Governance			
G4-34	Governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	Pg. 5 & 49 (Endnotes)	
Ethics & Integrity			
G4-56	Organisation’s values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Pg. 4 & 27	

Specific Standard Disclosures			
Material Issue	GRI Material Aspect	Performance Indicator	Omissions
Products			
Product and Service Quality	None identified	Revenues	
		New Sales	
		Profitability	
		Core Cash Creation	
		Pg. 19	
Client Satisfaction and Retention	None identified	Client Retention Rate	Pg. 21
Product and Service Innovation	None identified	Product Innovation	
		Process Innovation	
		Pg. 22	
Impact on Clients	None identified	Impact framework	Pg. 23
Conflicts of Interest	Ethics & Integrity	Code of Conduct implementation	
		G4-56: Organisation’s values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	
		Pg. 27	
Human Capital			
Professional Growth Opportunities	Training & Education	Training budget as a percent of personnel costs	
		Education credit usage	
		Annual performance and career development reviews	
		G4-LA9: Average hours of training per year per employee by gender, and by employee category	
		Pg. 30	
Work-Life Integration	Employment	Employee Turnover	
		G4-LA1: Total number and rates of new employee hires and employee turnover by age group, gender and region	
		Pg. 32	
Equity & Diversity	Scale of the organisation	Representation of women at senior levels of the company	
		Employee Exchanges	
		G4-LA13: Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	
		Pg. 33	
Operations			
Energy Use and GHG Emissions	Emissions	GHG emissions offset	
		G4-EN17: Other indirect greenhouse gas (GHG) emissions (Scope 3)	
		Pg. 35	
Sustainable Procurement	None identified	Percentage of eligible purchases made in accordance with policy	Pg. 37



## Endnotes

## Endnotes

- <sup>1</sup> All entities are covered in this report.
- <sup>2</sup> For more information refer to <http://www.sustainalytics.com/team> or <http://www.sustainalytics.com/about-us>
- <sup>3</sup> Excluded from this total and other metrics are 14 FTE interns who were employed at Sustainalytics in 2015.
- <sup>4</sup> Includes recurring and one-off clients
- <sup>5</sup> Sustainalytics issued an internal Sustainability report based on our performance over the year ending December 31, 2013. This report was made available only to employees, board members and shareholders. The internal report was not prepared in accordance with GRI G4 reporting guidelines.
- <sup>6</sup> Sustainalytics is committed to performing a full materiality assessment on a biennial basis.
- <sup>7</sup> For questions regarding this report or its contents, please contact: Arushi Acharya, [arushi.acharya@sustainalytics.com](mailto:arushi.acharya@sustainalytics.com)
- <sup>8</sup> The Sustainability Working Group, a cross-functional committee that includes Sustainalytics' CEO, is responsible for decision-making on economic, environmental, and social impacts.
- <sup>9</sup> A full transcript of the speech is available at <http://www.bankofengland.co.uk/publications/Pages/speeches/2015/844.aspx>
- <sup>10</sup> The *Employee Retirement Income Security Act*, also known as ERISA, was enacted in 1974 and sets the minimum standards for private pension plans. More information about the guidance is available at <https://www.dol.gov/opa/media/press/ebsa/EBSA20152045.htm>
- <sup>11</sup> A description of Sustainalytics' products and services is available at <http://www.sustainalytics.com/solutions>
- <sup>12</sup> See [Sustainalytics' Quality Management Policy](#)



<sup>13</sup> Sustainalytics collaborates with other stakeholders to support broad-based industry initiatives in support of our mission. We are a member of a variety of global and regionally-focused industry organisations to help advance ESG and sustainability agendas. Sustainalytics does not provide any form of funding to any of these organisations beyond routine membership fees

<sup>14</sup> In 2015, the 193 countries of the UN General Assembly adopted the 2030 Development Agenda, which includes 17 Sustainable Development Goals (SDGs). They are

<b>Goal 1:</b> End poverty in all its forms everywhere	<b>Goal 11:</b> Make cities and human settlements inclusive, safe, resilient and sustainable
<b>Goal 2:</b> End hunger, achieve food security and improved nutrition and promote sustainable agriculture	<b>Goal 12:</b> Ensure sustainable consumption and production patterns
<b>Goal 3:</b> Ensure healthy lives and promote well-being for all at all ages	<b>Goal 13:</b> Take urgent action to combat climate change and its impacts*
<b>Goal 4:</b> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<b>Goal 14:</b> Conserve and sustainably use the oceans, seas and marine resources for sustainable development
<b>Goal 5:</b> Achieve gender equality and empower all women and girls	<b>Goal 15:</b> Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
<b>Goal 6:</b> Ensure availability and sustainable management of water and sanitation for all	<b>Goal 16:</b> Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
<b>Goal 7:</b> Ensure access to affordable, reliable, sustainable and modern energy for all	<b>Goal 17:</b> Strengthen the means of implementation and revitalise the global partnership for sustainable development
<b>Goal 8:</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	
<b>Goal 9:</b> Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	
<b>Goal 10:</b> Reduce inequality within and among countries	

<sup>15</sup> <http://www.sustainalytics.com/sustainalytics-academic-programme>

<sup>16</sup> Employees in Romania and France (43%) are represented by collective bargaining agreements.

<sup>17</sup> See, for example: Gallup Inc., [The State of the American Workplace: Employee Engagement Insights for U.S. Business Leaders](#), Financial Times, [Happy workplaces help companies perform better](#); Association of Accounting Technicians (AAT), [Britain's workers value companionship and recognition over a big salary, a recent report revealed](#); Harvard Business Review, [Proof That Positive Work Cultures Are More Productive](#)

<sup>18</sup> For more information, see <http://www.sustainalytics.com/global-volunteer-day>

<sup>19</sup> See, for example: Credit Suisse, [The CS Gender 3000: Women in Senior Management](#); Forbes, [Fostering Innovation Through a Diverse Workforce](#); J. M. Hoobler, C. R. Masterson, S. N. Nkomo, E. J. Michel, [The Business Case for Women Leaders: Meta-Analysis, Research Critique, and Path Forward](#); Samantha C. Paustian-Underdahl, Lisa Slattery Walker, and David J. Woehr, [Gender and perceptions of leadership effectiveness: A meta-analysis of contextual moderators](#); and Orlando C. Richard, [Racial Diversity, Business Strategy, and Firm Performance: A Resource-Based View](#). McKinsey, [A CEO's guide to Gender Equality](#); McKinsey, [Why Diversity Matters](#)

<sup>20</sup> Includes: Amsterdam, Boston, Bucharest, Frankfurt, Paris, Timisoara, and Toronto. Employee groups were excluded due to their small size, incomparable remuneration frameworks, and/or absence of either women or men from the group. The resulting sample group represents 69% of employees.

<sup>21</sup> Sustainalytics reported that in 2014, emissions from commuter travel in 2014 were offset. Due to a gap in the methodology, emission from commuter travel were not offset in their entirety. The methodology was revised and all emissions from commuter travel were offset for 2015. Each year, Sustainalytics offsets an additional percentage to account for error in data collection.

<sup>22</sup> In the 2014 Sustainability report, Sustainalytics stated that it would expand its Scope 3 Emissions data collection system to include transport, purchased materials, product use and waste management. After consulting internal experts, it was decided that these aspects of scope 3 emissions are not highly material to an office-based organisation like Sustainalytics.





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