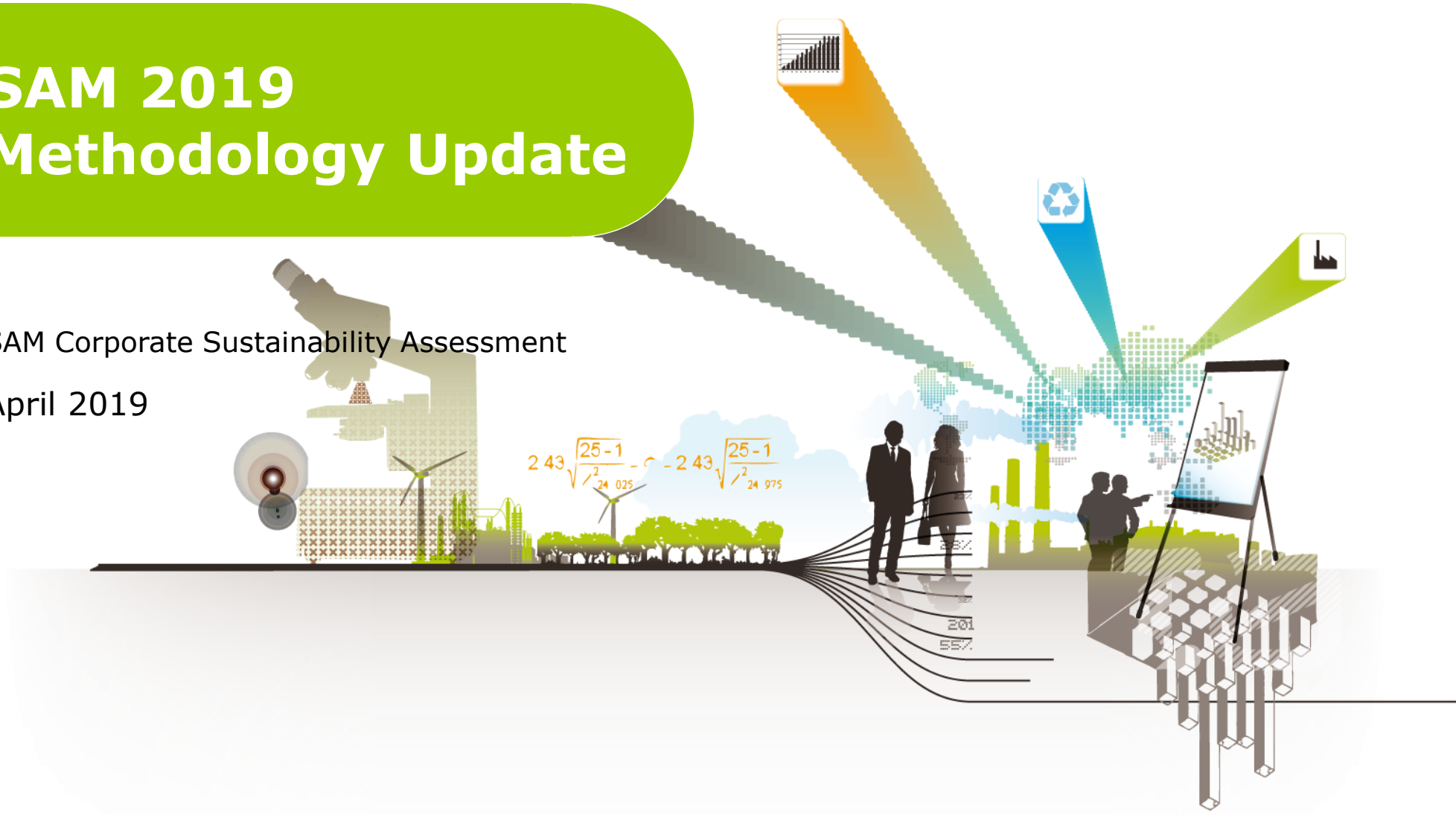


SAM 2019 Methodology Update

SAM Corporate Sustainability Assessment
April 2019



Overview of Cross-Industry Methodology Changes (1)

Criterion	Industries impacted	Key changes compared to 2018
Company Information	Multiple	From 2019, Revenue in US Dollars will be able to be used as a normalization factor within the Operational Eco-Efficiency criterion questions. Companies affected will be asked to convert their revenues into USD, and this USD amount will then be used to normalize the absolute data provided by the companies.
Privacy Protection	Multiple	Networked data and globalized corporate activities require careful handling. Insufficient database and network protection, unclear management of personal information and vague database access rules could expose companies to large risks in case of personal data leakage and misuse, or unauthorized access. For companies to avoid legal costs, reputational risk, and exclusion from certain activities, a company-wide privacy policy is paramount. SAM's questions focus on the coverage of the company's privacy policy and the mechanism in place to ensure the policy's effective implementation
Information Security, Cybersecurity & System Availability	Multiple	The criterion focuses on how well companies are prepared to prevent IT system failures and major information security/cybersecurity incidents and if they can react appropriately in case of such events. It also evaluates whether companies have experienced IT infrastructure/ information security/cybersecurity incidents in the past and if there were material financial impact.

Overview of Cross-Industry Methodology Changes (2)

Criterion	Industries impacted	Key changes compared to 2018
Sustainable Finance	Banks (BNK)	The Sustainable Finance criterion has been introduced to replace the former 'Business Risks and Opportunities' and 'Controversial Issues, Dilemmas in Lending & Financing' criteria from the 2018 CSA. Where it previously fell under the environmental dimension, it is now considered under the economic dimension.
	Insurance (INS)	
	Diversified Financial Services and Capital Markets (FBN)	The criterion impacts three financial industries, and questions focus on the integration of ESG into each of their business segments, as well as ESG products and services offered. The approach and expectations have been further aligned with the UN Principles for Responsible Investment (PRI).
Financial Stability and Systemic Risk	Banks (BNK)	The criterion has been reduced down to one question, and now includes scoring related to a company's Basel III Leverage Ratio, a solvency measure gauging a bank's capital strength.
	Diversified Financial Services and Capital Markets (FBN)	

Overview of Cross-Industry Methodology Changes (3)

Criterion	Industries impacted	Key changes compared to 2018
Energy Mix	Oil & Gas Upstream & Integrated (OGX)	<p>The Energy Mix criterion has been introduced to combine and replace the 'Exploration & Production' and 'Gas Portfolio' criteria which featured in the 2018 CSA.</p> <p>Five pre-existing questions have been updated, to measure how companies are adapting their business models in order to reduce dependency on fossil fuels, to demonstrate portfolio resilience and to align with a transition to a low carbon economy.</p>
Raw Material Sourcing	Beverages (BVG) Food & Staples Retailing (FDR) Food Products (FOA) Tobacco (TOB)	<p>Agricultural raw materials, in particular freshwater resources, are often limited and there can be local competition between industry, agriculture, and private households to access these resources. The revised questions focus on how companies are managing these competing interests, and the extent to which they are working with their suppliers to promote sustainable agriculture. Updated questions ask for disclosure of third-party certification and standards across different aspects and agricultural commodities.</p>

Overview of Cross-Industry Methodology Changes (4)

Criterion	Industries impacted	Key changes compared to 2018
Living Wage (Future Questions Section)	Multiple	<p>The living wage criterion has been introduced for selected industries that, due to the relatively high percentage of low-pay workforce in their operations or in their supply chain, are particularly exposed to labour issues. The criterion aims at identifying those companies that have adopted a living wage methodology to ensure that their employees/ suppliers/ contractors and/or franchisees are paid a living wage.</p> <p><i>(To learn more about the importance of Living Wage to SAM, please see the Fair Wage article featured in our 2019 Sustainability Yearbook)</i></p>

Questions?

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

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

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