

Defining Materiality: What Matters to Reporters and Investors

Do investors and reporters agree on what's material in the Technology Hardware & Equipment and Banks & Diverse Financials sectors?



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GRI's mission is to make sustainability reporting standard practice. To enable all companies and organizations to report their economic, environmental, social and governance performance and impacts, GRI produces free Sustainability Reporting Guidelines.

GRI is a not-for-profit, network-based organization; its activity involves thousands of professionals and organizations from many sectors, constituencies and regions.

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Forewords

GRI

Over the past few decades, many organizations and experts have explored the answer to a pivotal question in corporate sustainability: Does materiality mean the same thing to investors as it does to other stakeholders?

In order to contribute to this discussion, GRI has established a collaboration with RobecoSAM. Our goal is to answer this question by exploring real examples; we want to compare the results of the processes GRI reporters implement to identify material topics to the perspectives of stakeholders and investors, as provided by RobecoSAM.

The investor community includes a vast number of professionals that provide capital to businesses in a variety of industries, which can make analyses like this complex. However, RobecoSAM recently conducted a materiality analysis of the 59 different industries it surveys for its annual corporate sustainability assessment, providing a unique insight into how leading investors answer the question of the financial materiality of sustainability.

Alcoa Foundation is also part of this collaboration. The Foundation brought its own insight to this discussion, highlighting the importance of identifying topics that could be material to all companies in a sector, and providing the inspiration for this research. "Alcoa and Alcoa Foundation are supporting this important work by GRI because we know that all sectors do not have the same environmental challenges and opportunities," said Kevin McKnight, Chief Sustainability Officer at Alcoa. "GRI is a global leader in sustainability reporting and the best organization to develop standards that apply to different sectors and that will serve as a guide for a wide network of global companies."

The sectors Technology Hardware & Equipment and Banks & Diverse Financials were chosen because of the large amount of data available for analysis, and because they provide two very different examples. The methodology used here can be applied to other sectors.

The results presented here are revealing. They represent the beginning of a more fact-based approach to research into the differences and similarities between what investors and other stakeholders consider critical to be measured and managed: their understanding of what is material.

RobecoSAM

To succeed in the long-term in highly competitive markets, it is crucial for companies to focus their limited resources on areas that really matter, and the same holds true for investors. In order to make better-informed long-term investment decisions, investors must analyze those sustainability issues that are financially material. As the following collaborative research between GRI and RobecoSAM demonstrates, there is a large overlap between what companies from the Technology Hardware & Equipment and Banks & Diverse Financials sectors believe is material and what we have identified as the most material sustainability issues for these sectors.

While companies should consider a variety of stakeholders when prioritizing the most important sustainability issues, RobecoSAM approaches the question of materiality of sustainability from the perspective of one particular stakeholder: the investor. As investors are generally the owners of publicly traded corporations, RobecoSAM believes that this perspective on materiality can provide unique insights that can be helpful for companies in conducting their own materiality analyses following the G4 Guidelines. Consequently, considering materiality from the investor's point of view is a unique way to help companies in their own consideration of factors that have a particular relevance for the business.

We are proud to partner with GRI for this study. As investors we rely on information published by companies, and it is in our interest to share our view of what we believe is financially material. We believe that the experience of conducting an analysis of materiality enables companies to align their sustainability initiatives better with the overall company strategy. Finally, we hope that this joint study with GRI will help foster this process and lead to additional discussion with companies in which we can share our view of the most important sustainability issues.

Executive summary

Does materiality mean the same thing to investors as it does to other stakeholders?

The question ‘what material topics are identified by different stakeholder groups?’ is a critical one, both for reporters and report users. To contribute to this discussion, GRI launched the results of its first research into material topics by sector in May 2013, in the publication [Sustainability Topics for Sectors](#). The current research publication is an indirect continuation of this. It aims to help companies understand better how different stakeholders – namely investors – approach materiality.

In the research two sectors are analyzed in detail: Technology Hardware & Equipment and Banks & Diverse Financials. GRI and RobecoSAM worked together to research these two sectors, collating the views expressed in GRI reports with the investor perspective. The aim of the research is to learn more about the identification of material topics by sector by examining existing GRI sustainability reports and RobecoSAM’s materiality framework, and to examine the differences – if any – between what reporters and investors consider material.

Materiality: the reporters’ perspective

GRI researched sustainability reports published in 2013 by organizations in the Technology Hardware & Equipment and Banks & Diverse Financials sectors. The data was sourced from GRI’s Sustainability Disclosure Database, which was searched against the following criteria: the report was published in 2013; the report was based on the GRI Guidelines; the report was accessible or downloadable online; and the report was available in English. Information collected from the reports included basic organizational information, report title, version of the GRI Guidelines used, Application Level (G3/G3.1) or ‘in accordance’ option, and whether the report was externally assured.

74 reports from the Technology Hardware & Equipment sector were identified; after filtering according to the predefined research criteria, a final sample of 39 reports was analyzed. 335 reports from the Banks & Diverse Financials sector were identified; after filtering according to the predefined research criteria, a final sample of 94 reports was analyzed.

Technology Hardware & Equipment sector

The majority (64%) of reports in the sample included a list of material Aspects or other topics. 95% included a description of the stakeholder engagement process. Almost all the reports (97%) that contained a list of material topics also included a

description of the process used to define material Aspects and other topics.

The sample reports included 391 topics in total. Of these topics, 269 fell into the GRI Categories and sub-Categories, and 122 were classified as other sustainability topics. 28% of the topics fell into GRI’s Environmental Category. The GRI sub-Category Labor Practices and Decent Work was the second most reported Category (19%), and Society was the third (9%). The most frequently reported GRI Aspect was Emissions, Effluents, and Waste. The Aspects Products and Services, and Training and Education were also mentioned in most reports. The most frequently reported of the topics that did not fall into a GRI Category or Aspect was supply chain; the second was ethics. Innovation was also mentioned frequently.

Banks & Diverse Financials sector

Around half (48%) of the reports included a list of material Aspects or other sustainability topics. 98% of these included a description of the stakeholder engagement process, and the same percentage included a description of the process used to define material Aspects and other sustainability topics.

In total, 896 topics were identified in the sample reports. Of these, 634 topics fell into the GRI Categories and sub-Categories, and 262 were classified as other sustainability topics. 19% of the topics fell into the Labor Practices and Decent Work sub-Category. The second most reported sub-Category was Society (13%) and the third was Product Responsibility (11%). The most frequently reported Aspect was Community (Local Communities in G3.1). Training and Education, and Product and Service Labeling were also mentioned in most reports. The Financial Services Sector Supplement-specific Aspect Product Portfolio was the fourth most reported Aspect. The most frequently reported of the topics that did not fall into a GRI Category or Aspect were risk management and transparency. Brand, reputation and culture, responsible banking, innovation, supply chain, and public relations were also mentioned frequently.

Materiality: the investors’ perspective

In order to consider the investor approach to the financial materiality of sustainability, RobecoSAM provided insights into their materiality analysis of the two sectors. This approach followed an evaluation of what are considered the most important sustainability factors for integrating sustainability into the investment process. RobecoSAM’s methodology assured a consistent approach to identifying financially material long-term intangible factors for the 59 different industries

analyzed for the Dow Jones Sustainability Index assessment (based on the RobecoSAM GICS sectors).

Material factors were identified by pursuing both a top down approach, which starts from general long-term trends with an impact on industry value drivers, and a bottom up approach, which considers common issues within an industry that have an impact on long-term company value. These two approaches should lead to the same result. Once the most important long-term intangible factors were identified in the first step, they were prioritized in the second step. For each industry, the factors were prioritized according to their expected magnitude (degree of impact) and the likelihood of their impact (probability and timing of impact) on growth, profitability, capital efficiency and risk. This two-dimensional evaluation resulted in a materiality matrix for each industry, which maps the relative importance of each material factor against the others, and provides a visualization of the most important factors for each industry.

Technology Hardware & Equipment sector

13 financially material sustainability issues were identified and prioritized. The four most important factors were Innovation Management, Supply Chain Management, Corporate Governance and Human Capital Management. The sector-specific factors identified were Environmental Enabling, Privacy Protection and Data Security, and Digital Inclusion / Social Enabling.

Banks & Diverse Financials sector

Eight financially material sustainability issues were identified and prioritized. The four most important factors were Risk Management, Corporate Governance, Human Capital Management, and Business Ethics. The sector-specific factors identified were Financial Inclusion and Emerging Markets Growth, and ESG Investment Integration.

Conclusions

Does materiality mean the same thing to investors as it does to other stakeholders? Encouragingly, the research reveals an overall high degree of overlap between the topics considered material by reporting organizations, and those considered material by investors.

Overlap of material topics identified by reporters and investors is clear in the Technology Hardware & Equipment sector. The most material topics were supply chain management, innovation, and environmental management, including the management of emissions, effluents and waste. While corporate governance was important to reporters, it did not rank as highly as it did for investors. Conversely, while reporters considered business ethics to be material, investors ranked it at the lower end of their 13 material topics. Sector-specific material topics were agreed to be innovation, digital inclusion, and data security.

In the Banks & Diverse Financials sector, the overlap of material topics was also evident, though perhaps less obvious due to differences in terminology. Both reporters and investors identified risk management and corporate governance among the most material topics. Overlaps were also observed with human capital management (which reporters called training and education), employment, diversity and equal opportunity. Sector-specific material topics identified were financial inclusion (which for reporters is covered by the Aspect Community (Local Communities in G3.1)), and ESG investment integration (which for reporters is covered by the Financial Services Sector Supplement Aspect Product Portfolio).

Interviews conducted with three companies as part of the research revealed an alignment with the findings in both sectors.

The results of this research by GRI and RobecoSAM underscore the key benefits that conducting an analysis can bring to the strength of a company's sustainability reporting. Not only does analysis bring focus to the areas of greatest relevance, but it can also help a company to orient its resources toward the areas of its sustainability strategy that will have the greatest impact both internally and externally. By undertaking a materiality analysis that considers the degree of a company's impact by taking into account both internal and external stakeholder views, companies can identify those topics on which to report, doing so in a way that will also be relevant to their shareholders.

1 Introduction

The question ‘what material topics are identified by different stakeholder groups?’ is a critical one, both for reporters and report users. To contribute to this discussion, GRI launched the results of its first research into material topics by sector in May 2013. The publication [Sustainability Topics for Sectors](#) was the first step towards building a common global understanding of sectorial sustainability issues that are critical to various different stakeholders – investors, rating agencies, business associations, labor representatives, civil society organizations and experts – around the world.

This research publication is an indirect continuation of [Sustainability Topics for Sectors](#). It aims to provide companies and experts with additional information to help them understand further how different stakeholders answer the materiality question. The publication emphasizes the information needs of investors, and also considers what is material from their perspective. In the research two sectors have been analyzed in detail: Technology Hardware & Equipment and Banks & Diverse Financials.

The Technology Hardware & Equipment sector includes the manufacturers of communication equipment and products, personal computers, servers, mainframes, workstations, electronic computer components and peripherals, electronic equipment and instruments, electronic components, and office electronic equipment. It also includes the producers of electronic equipment, mainly for the Original Equipment Manufacturers (OEM) markets, and distributors of technology hardware and equipment.

The Banks & Diverse Financials sector includes commercial banks and financial institutions providing mortgage related services, engaging in investment management, providing investment banking and brokerage services, and engaging in diversified capital markets activities. It also includes providers of a diverse range of financial services, specialized financial services, and consumer finance services. In GRI’s Business Activity Group classification¹ this sector also includes insurance companies, but for the purpose of this research the sample has been limited to banks and diverse financials providers only.

GRI and RobecoSAM worked together to research these two sectors, collating the views expressed in GRI reports and the investor perspective. The aim of the research is to learn more about the identification of material topics by sector by examining existing GRI sustainability reports and RobecoSAM’s materiality framework. The intention is to identify whether there is a difference between what organizations report on – having, in theory, considered different stakeholders’ perspectives – and what investors want to know. In addition, this research will provide insights and support for organizations worldwide on how to strengthen the materiality focus of their reporting, and promote the coverage of common key issues.

It is expected that the identification of sector-related material topics will attract the attention of all stakeholders in the sustainability reporting field, particularly the stakeholders in the Technology Hardware & Equipment and Banks & Diverse Financials sectors. This research provides a unique reference on topics that companies considered material in their most recent GRI reports, as well as on what investors consider the material topics to be reported by companies in these sectors.

¹ GRI’s Business Activity Group classification was created for the research on material topics by sector, published in May 2013. The Business Activity Groups are based on existing sector classifications, such as GICS, GRI, ICB, SAM and Thomson Reuters. A list of the Business Activity Groups and their descriptions are available at: <https://www.globalreporting.org/resource/library/Business%20Activity%20Groups.pdf>

2 How to define what is material

Materiality of information is at the center of sustainability reporting. However, information can be seen from different perspectives, and materiality definitions vary depending on reporting guidance provider.

2.1 GRI's definition: materiality in the GRI Guidelines

The Materiality Principle of the GRI Guidelines defines materiality in the context of a sustainability report:

- "The report should cover Aspects that:*
- Reflect the organization's significant economic, environmental and social impacts; or*
 - Substantively influence the assessments and decisions of stakeholders."*²

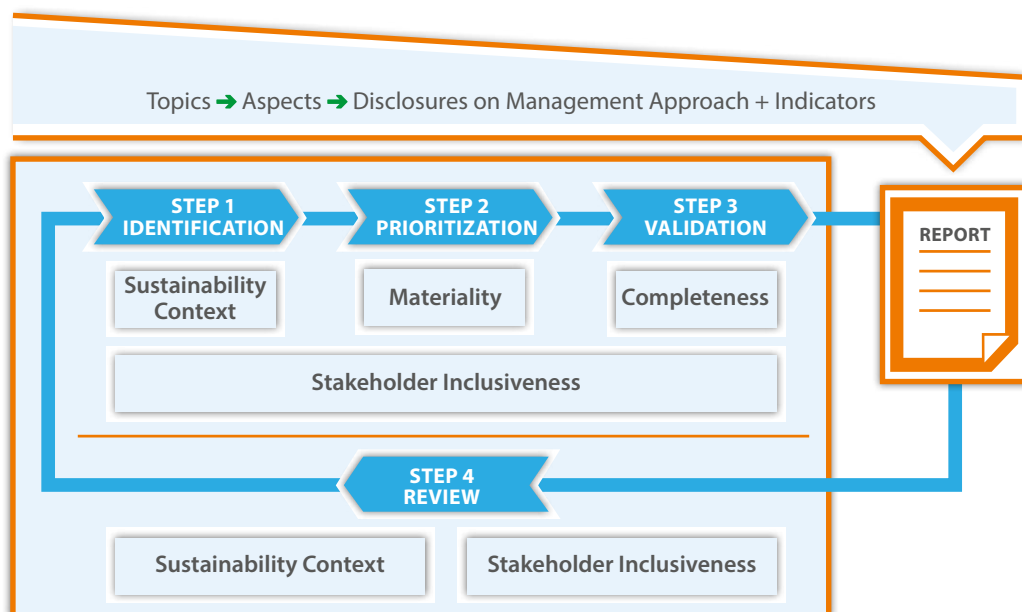
"Organizations are faced with a wide range of topics on which they could report. Relevant topics are those that may reasonably be considered important for reflecting the organization's economic, environmental and social impacts, or influencing the decisions of stakeholders, and, therefore,

potentially merit inclusion in the report. Materiality is the threshold at which Aspects become sufficiently important that they should be reported. Beyond this threshold, not all material Aspects are of equal importance and the emphasis within a report should reflect the relative priority of these material Aspects."³

GRI describes a four-step process that the organization may go through in order to define the specific content of the report (see Figure 1).

The process begins with **Identification** of the Aspects and any other relevant topic, and their boundaries, which might be considered to be reported on. The next step in defining report content is **Prioritization** of the Aspects and any other relevant topics from Step 1, to identify those that are material and therefore to be reported on. To implement the Materiality Principle, each Aspect should be assessed on 'Influence on stakeholder assessments and decisions' and 'Significance of organization's economic, environmental and social impacts'. A visual representation of the prioritization of Aspects and any other relevant topics can be helpful for this process. An example is provided in Figure 2.

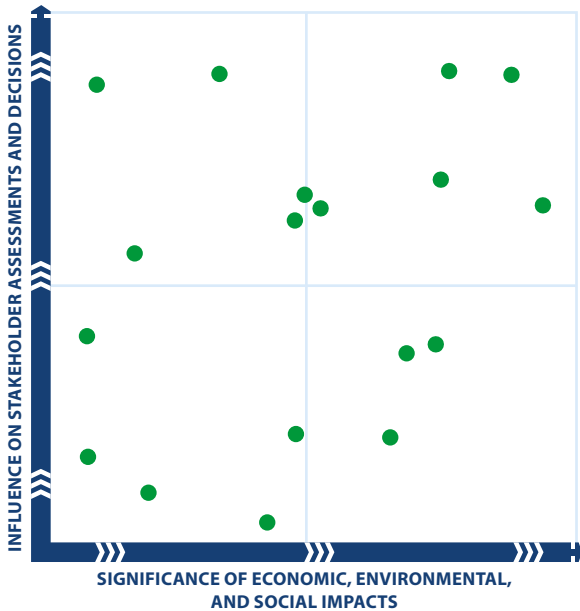
Figure 1. Defining material Aspects and Boundaries – process overview



² GRI, G4 Sustainability Reporting Guidelines, *Reporting Principles and Standard Disclosures*, 2013, p. 17.

³ GRI, G4 Sustainability Reporting Guidelines, *Implementation Manual*, 2013, p. 11.

Figure 2. Visual representation of prioritization of topics



This step is followed by **Validation** where the Principles of Completeness and Stakeholder Inclusiveness are applied to finalize the identification of the report content. Finally, after the sustainability report has been published, it is important that the organization undertakes a **Review** of its sustainability report - Step 4. This review takes place as the organization is preparing for the next reporting cycle.⁴

2.2 RobecoSAM’s definition: financial materiality of sustainability

RobecoSAM approaches the materiality of sustainability from the perspective of a particular stakeholder: the investor. As investors are generally the owners of publicly traded corporations, RobecoSAM believes that this perspective on materiality can provide unique insights that are helpful for companies when conducting their own materiality assessments following the G4 Guidelines. Investors are generally interested in sustainability issues that have a long-term, material benefit on financial returns, and financial returns only follow sustainability issues that have a positive material impact on the company’s business performance. Consequently, considering materiality from the investor’s point of view provides a unique insight that can help companies with their own consideration of factors that have a particularly relevant impact on the business, and are therefore deemed to be strategically important (which is often one of the primary axes for companies when conducting their materiality analysis).

In order to orient and focus the consideration of materiality from an investor’s point of view, RobecoSAM provides a working definition of financial materiality of sustainability:

“Financially material is any factor which might have a present or future impact on companies’ value drivers, competitive position, and thus on long-term shareholder value creation.”

Three key factors should be considered. First, this definition is not meant to include materiality more generally but rather to focus on the investor’s perspective. Second, the definition considers the time frame factor of sustainability, including not only short-term impacts but also, more importantly, the long-term capability of value creation. Finally, and most fundamentally, this definition of materiality from a shareholder’s perspective stresses the impact of sustainability factors on a company’s core business value drivers – namely growth, profitability, capital efficiency and risk exposure.

RobecoSAM’s approach therefore differs from that of GRI, in that it does not focus on the breadth of input from various stakeholders. Instead, it is similar to the approach often used in risk analysis, in that it focuses on the magnitude of impact on the company in relation to the likelihood it will occur.

⁴ Detailed guidance on the process can be found in GRI G4 Sustainability Reporting Guidelines, *Implementation Manual*, 2013, pp. 31-39.

3 What do reporters consider material?

The GRI Guidelines require reporting organizations to define the material topics to include in their reports. These are topics that reflect the organization's significant economic, environmental and social impacts, or that substantively influence the assessments and decisions of stakeholders.

GRI researched sustainability reports published in 2013 by organizations in the Technology Hardware & Equipment and Banks & Diverse Financials sectors to find out what topics the reporters consider material. While the research also looked at the process used to determine the material topics, its main focus was the analysis of the lists of material topics published in the reports.

3.1 Methodology: identifying topics in GRI-based reports

Content analysis of GRI-based sustainability reports was conducted on reports published in 2013 by organizations in the Technology Hardware & Equipment and Banks & Diverse Financials sectors.

The data was sourced from GRI's Sustainability Disclosure Database – a freely accessible database that holds information on over 20,000 of GRI-based and other sustainability reports. The Database was searched against the following criteria: the report was published in 2013; the report was based on the GRI Guidelines; the report was accessible or downloadable online; and the report was available in English. (See section 3.2 for a detailed description of the sample.)

The sustainability reports were then analyzed against a range of criteria to establish the main characteristics and trends.

Basic organizational information was collected, such as the official name of the reporting organization, country of registration, organization size and type (e.g. private company, state-owned). Information on the report was also collected, such as the report title, the version of the GRI Guidelines used, Application Level (G3/G3.1) or 'in accordance' option (G4), and whether the report was externally assured. This information helped to identify any trends to be identified in the sample related to the reporters in the sectors.

The first step of the research was to search the reports for a description of the stakeholder engagement process, to determine whether the organizations had engaged their stakeholders in the reporting process. Even if stakeholders were not engaged, the reports were still included further in the research. A description of the process to define material Aspects and other sustainability topics was also sought, to understand whether or not the material sustainability topics were a result of a process to define material topics. Throughout the research, sample checks of the analysis were made to confirm the results.

The next step of the research was to identify the lists of material topics published in the reports. The lists of identified material topics were extracted from the reports and the material topics were organized into categories. They were organized as far as possible into the existing GRI Categories and Aspects⁵ as presented in the GRI G3 and GRI G3.1 Guidelines. Only two reports in the sample representing the Technology Hardware & Equipment sector and one report in the sample representing the Banks & Diverse Financials sector used the G4 Guidelines, and therefore the categorization was based on the G3 and G3.1 Guidelines. The remaining material topics that did not fall directly into any specific GRI Category or Aspect were analyzed and grouped separately under different topics identified among the material topics. A second review was undertaken of a sample of reports that were found to include a list of material topics. The categorization of topics into the GRI Categories and Aspects and specific topics was reviewed by a second researcher, to ensure the accuracy of the analysis.

Each of the material topics identified in the reports was included in only one Category, Aspect or topic based on the main focus, even if a secondary topic was incorporated. For example, "Operational energy & GHGs" was categorized into the Aspect "Energy".

The research and categorization in no way intended to suggest a right or wrong approach to defining or reporting on material topics, but rather to explore the current practices of reporters in the Technology Hardware & Equipment and Banks & Diverse Financials sectors.

In order to gain additional insight into the future trends and material topics in these sectors, GRI and RobecoSAM approached five experts from the sectors by email and phone and asked them to answer the following questions:

⁵ The Guidelines have Categories, which are broad groupings of sustainability topics. The Categories included in the Guidelines are: Economic, Environmental and Social. The Social Category is further divided into four sub-Categories, which are Labor Practices and Decent Work, Human Rights, Society and Product Responsibility. The word Aspect is used in the Guidelines to refer to the list of subjects covered by the Guidelines. The word Topic is used in the Guidelines to refer to any possible sustainability subject.

- What do you consider to be the current trends in material topics in your sector?
- Is there any topic that you think organizations in your sector should address, but are not yet doing so?
- What do you foresee as the material topics to report on in your sector in three to five years?

Three responses were received and the key points from the experts' perspectives are included in section 5.

3.2 Sample

The sample of reports draws on sustainability reports published in 2013 to provide an up-to-date overview of material topics in the Technology Hardware & Equipment and Banks & Diverse Financials sectors. The sample cutoff date was 19 June 2014. This means that the sample of reports published in 2013 draws on the majority of the reports likely to be recorded in GRI's Sustainability Disclosure Database for 2013. However, as reports are added to the Database on an ongoing basis, the data set may not be complete.

SAMPLE CRITERIA:

- The report was published by an organization from one of the two sectors
- Publication year of the report was 2013
- The report was based on the GRI Guidelines
- The report was accessible or downloadable online
- The report was available in English

Furthermore, as the research focuses on material topics identified by the organizations and included in their reports, only reports listing the material topics that were included in the report were analyzed further.

Technology Hardware & Equipment

74 reports from the Technology Hardware & Equipment sector were identified in the GRI Sustainability Disclosure Database for the publication year 2013. After filtering according to the predefined research criteria, a final sample of 39 reports was

analyzed. (See Annex 1 for a list of organizations whose reports were included in the research on the Technology Hardware & Equipment sector.)

Figure 3. Geographical location of reporting organizations in the Technology Hardware & Equipment sector

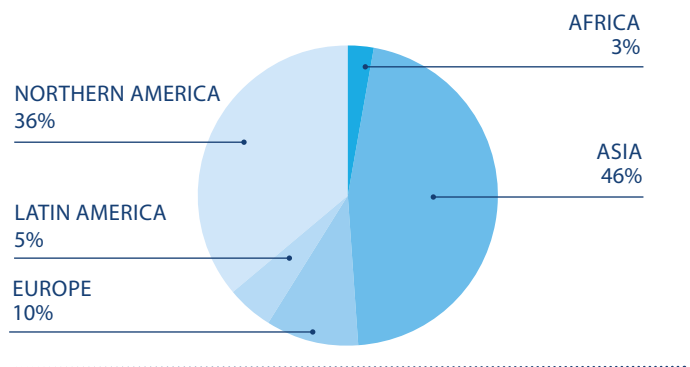


Figure 3 shows that 46% of reports in the analyzed sample were published by organizations based in Asia. A further 36% of the reports were published by organizations based in Northern America. The analyzed sample for the Technology Hardware & Equipment sector included no reports from Oceania. The analyzed sample included reports from a total of 15 different countries; the top three countries represented in the sample were USA, Japan and Taiwan.

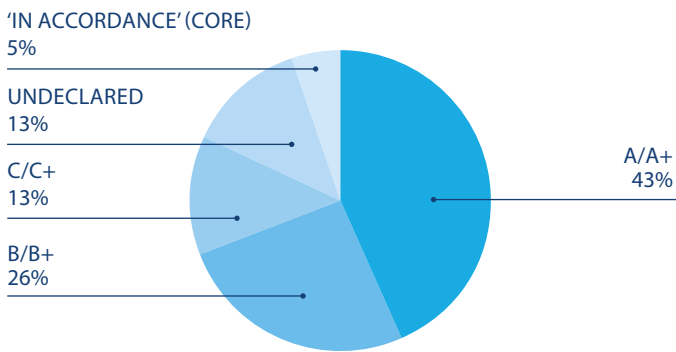
67% of the reports were published by Multinational Enterprises (MNEs)⁶ and 33% by large organizations. There were no reports from Small and Medium Sized Enterprises (SMEs) in the analyzed sample. All of the reports were published by private companies.

Application Levels indicate the extent to which the G3 or G3.1 Guidelines have been applied in the sustainability reporting. The majority of the reports (69%) in the analyzed sample used the G3.1 Guidelines, 26% used the G3 Guidelines and only 5% (two reports) used the G4 Guidelines. A clear majority of the reports (44%) declared Application Level⁷ A or A+. 26% declared Application Level B or B+, making this the second most common status. 54% of the reports in the analyzed sample had been externally assured, denoted by the '+' sign after the Application Level. (See Figure 4.)

⁶ GRI classifies a large organization as an organization with headcount of over 250 and a turnover of over €50m or a balance sheet total of over €43m; a multinational enterprise (MNE) as an organization with headcount of over 250 and multinational and a turnover of over €50m or a balance sheet total of over €43m; and an SME as an organization with headcount of less than 250 and a turnover of €50m or balance sheet total of €43m.

⁷ In the G3 and G3.1 Guidelines there are three different Application Levels – A, B, and C – that define the number of GRI standard disclosures that have been covered in a sustainability report. The '+' sign after the Application Level indicates that the report has been externally assured. The '+' sign can be added to a GRI Application Level when a reporting organization has submitted all or part of its report for external assurance.

Figure 4. Application Level or 'in accordance' option of the reports in the Technology Hardware & Equipment sector



Banks & Diverse Financials

In the Banks & Diverse Financials sector, 335 reports were identified for the publication year 2013. The predefined research criteria were then applied to the reports, making the final sample of 94 reports. (See Annex 2 for a list of organizations whose reports were included in the research on the Banks & Diverse Financials sector.)

Figure 5. Geographical location of reporting organizations in the Banks & Diverse Financials sector

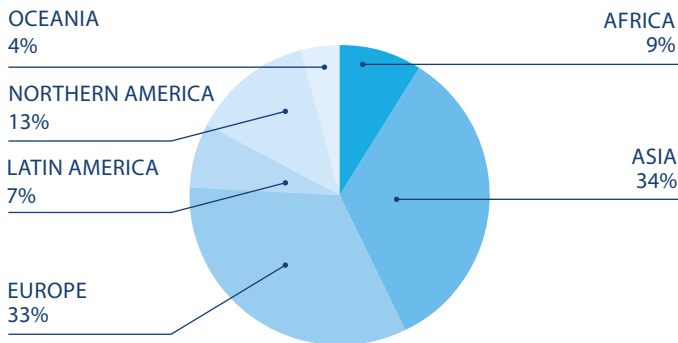
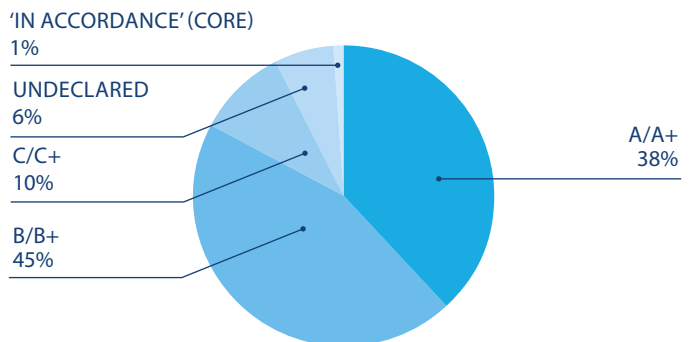


Figure 5 shows that the majority of the reports were published by organizations based in Asia (34%), Europe (33%) and Northern America (13%). A total of 38 countries were represented by the reporting organizations in the sample, with an even representation of reports from each of the countries.

The Banks & Diverse Financials sample also included reports from SMEs, although these made up just 5% of reports in the final sample. The majority of the reports (69%) were published by large organizations, with 26% of the reports being published by MNEs. A clear majority (70%) of the reporting organizations were private companies, with state-owned companies being the second largest group (13% of the reports).

Most of the reports in the analyzed sample (56%) were based on G3.1 Guidelines, 34% of the reports were based on the G3 Guidelines and only one report (1%) on the G4 Guidelines. 82% of the reports used the Financial Services Sector Supplement (FSSS)⁸ 45% of the reports declared Application Level B or B+, and 38% declared Application Level A or A+. More than half of the reports in the sample (59%) had undergone external assurance, denoted by a '+' sign after the Application Level. (See Figure 6.)

Figure 6. Application Level or 'in accordance' option of reports in the Banks & Diverse Financials sector



⁸ The Financial Services Sector Supplement provides organizations in the sector with a tailored version of the GRI G3 Guidelines, enabling them to measure and report their sustainability performance. The Supplement's additional Commentaries and Indicators, developed especially for the sector, capture the issues that matter most for organizations in the Financial Services sector.

3.3 Research findings

The sample GRI-based sustainability reports published in 2013 by organizations from the Technology Hardware & Equipment and Banks & Diverse Financials sectors were analyzed to answer the question ‘what material topics have the organizations identified in their reports?’ Besides noting the organizational information in the sample reports, the research involved collecting information on whether the reports featured descriptions of the stakeholder engagement process, and the process for identifying material topics. The lists of material topics published in the reports were also researched and analyzed further. The findings are discussed in the following sub-sections.

Technology Hardware & Equipment

In the Technology Hardware & Equipment sector the majority (64%) of the reports that met the initial sample criteria included a list of material Aspects or other topics. Aspects are subjects covered by the Guidelines and topics are any other sustainability subjects. (See the footnote 5 in section 3.1 for a detailed description of GRI Aspects.) Of the sample reports, 95% included the description of stakeholder engagement process. Almost all the reports (97%) that contained a list of material topics also included a description of the process used to define material Aspects and other topics.

The GRI Guidelines also define Categories, which broadly group sustainability topics. The Categories included in the Guidelines are Economic, Environmental and Social. The Social Category is divided further into four sub-Categories: Labor Practices and Decent Work, Human Rights, Society, and Product Responsibility.

The sample reports included 391 topics in total. Of these topics, 269 fell into the GRI Categories and sub-Categories, and 122 were classified as other sustainability topics.

Figure 7. Most reported GRI Categories and sub-Categories in the Technology Hardware & Equipment sector

1. ENVIRONMENTAL
2. LABOR PRACTICES AND DECENT WORK (SOCIAL)
3. SOCIETY (SOCIAL)
4. PRODUCT RESPONSIBILITY (SOCIAL)
5. ECONOMIC
6. HUMAN RIGHTS (SOCIAL)

28% of the sustainability topics included in the reports fell into GRI’s Environmental Category. The GRI sub-Category Labor Practices and Decent Work was the second most reported Category (19%), and Society third (9%). (See Figure 7.) For further information on Indicators in these Categories and sub-Categories, see the [G3](#) or [G3.1](#) Guidelines, or the latest version, the [G4](#) Guidelines.

Figure 8. Top 10 GRI Aspects reported in the Technology Hardware & Equipment sector

1. EMISSIONS, EFFLUENTS, AND WASTE
2. PRODUCTS AND SERVICES
3. TRAINING AND EDUCATION
4. EMPLOYMENT
5. COMMUNITY (LOCAL COMMUNITIES IN G3.1)
6. ENERGY
7. ECONOMIC PERFORMANCE
8. MATERIALS
9. OCCUPATIONAL HEALTH AND SAFETY
10. DIVERSITY AND EQUAL OPPORTUNITY

The most frequently reported GRI Aspect in the sample reports from the Technology Hardware & Equipment sector was Emissions, Effluents, and Waste. The Aspects Products and Services, and Training and Education were also mentioned in most reports. (See Figure 8.) For further information on Indicators in these Aspects see the [G3](#) or [G3.1](#) Guidelines, or the latest version, the [G4](#) Guidelines.

The reports mentioned 122 other sustainability topics that did not fall directly into any of the GRI Categories or sub-Categories. The most frequently reported of these topics was supply chain, including topics related to supply chain management, promotion of sustainability within the supply chain, and supply chain responsibility. The second most reported topic area was ethics, including business ethics, compliance, and ethical behavior. Innovation, including innovation management, was also mentioned frequently.

Other, less frequently mentioned topics included corporate governance, digital inclusion, connectivity and security, and risk management. Of these, corporate governance and risk management are more related to general profile disclosures of the organization, while digital inclusion, connectivity and security are specific to the Technology Hardware & Equipment sector.

Banks & Diverse Financials

In the Banks & Diverse Financials sector, around half (48%) of the reports that met the initial sample criteria included a list of material Aspects or other sustainability topics. 98% of these reports included a description of the stakeholder engagement process, and the same percentage included a description of the process used to define material Aspects and other sustainability topics.

In total, 896 topics were identified in the sample reports. Of these, 634 topics fell into the GRI Categories and sub-Categories, and 262 were classified as other sustainability topics.

19% of the sustainability topics included in the reports fell into the Labor Practices and Decent Work sub-Category. The second most reported sub-Category was Society (13%) and the third was Product Responsibility (11%). For further information on Indicators in these Categories and sub-Categories see the [G3](#) or [G3.1](#) Guidelines, or the latest version, the [G4](#) Guidelines.

Figure 9. Most reported GRI Categories and sub-Categories

1. LABOR PRACTICES AND DECENT WORK (SOCIAL)
2. SOCIETY (SOCIAL)
3. PRODUCT RESPONSIBILITY (SOCIAL)
4. ENVIRONMENTAL
5. ECONOMIC
6. HUMAN RIGHTS (SOCIAL)

The most frequently reported Aspect in the Banks & Diverse Financials sector was Community (Local Communities in G3.1). Considering the additional guidance provided in the Financial Service Sector Supplement (FSSS), the Aspect also includes disclosures around access points in low populated or economically disadvantaged areas, and initiatives to improve access to financial services for disadvantaged people. Training and Education, and Product and Service Labeling were also mentioned in most reports. The Aspect Product and Service Labeling also includes additional guidance in the FSSS, covering disclosures around financial literacy and policies for fair design, and sale of financial products and services. The FSSS-specific Aspect Product Portfolio was the fourth most reported Aspect. (See Figure 10.) For further information on Indicators in these Aspects see the [G3](#) or [G3.1](#) Guidelines, or the latest version, the [G4](#) Guidelines.

Figure 10. Top 10 GRI Aspects reported in the Banks & Diverse Financials sector

1. COMMUNITY (LOCAL COMMUNITIES IN G3.1)
2. TRAINING AND EDUCATION
3. PRODUCT AND SERVICE LABELING
4. PRODUCT PORTFOLIO (FSSS)
5. ECONOMIC PERFORMANCE
6. EMPLOYMENT
7. EMISSIONS, EFFLUENTS, AND WASTE
8. DIVERSITY AND EQUAL OPPORTUNITY
9. COMPLIANCE
10. CUSTOMER PRIVACY

262 of the sustainability topics mentioned in the reports did not fall into any of the GRI Categories or sub-Categories. Reports most frequently included risk management and transparency as material topics. Brand, reputation and culture, responsible banking, innovation, supply chain, and public relations were also mentioned frequently. Less common material topics included providing support to SMEs, technology, corporate citizenship, regulatory change and demographic change. Topics that related more to general profile disclosures include governance, ethics and integrity and stakeholder engagement. Of the remaining topics mentioned in the reports, the most sector-specific topics in Banks & Diverse Financials were responsible banking and technology.

4 What do investors consider material?

In order to consider the investor approach to the financial materiality of sustainability, RobecoSAM provides insights into their materiality analysis of the Technology Hardware & Equipment and Banks & Diverse Financials sectors. Instead of looking at the range of topics reported by companies, this approach follows RobecoSAM's evaluation of what are considered the most important sustainability factors for integrating sustainability into the investment process.

4.1 Methodology: identifying financially material long-term intangible factors

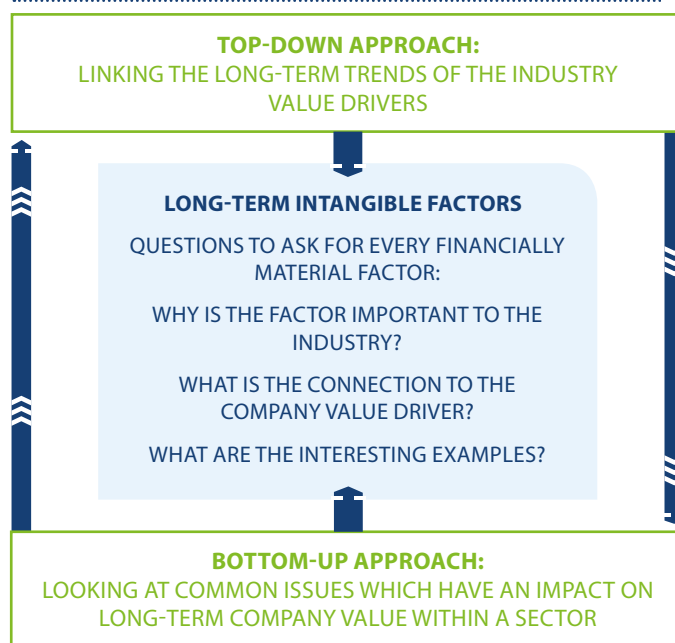
In order to be able to identify these factors in a structured way, RobecoSAM developed a methodology which assures a consistent approach to identifying financially material long-term intangible factors for the 59 different industries analyzed for the Dow Jones Sustainability Index assessment (based on the RobecoSAM GICS sectors).

Material factors are identified by pursuing both a top-down approach, which starts from general long-term trends with an impact on industry value drivers, and a bottom-up approach, which considers common issues within an industry that have an impact on long-term company value (see Figure 11). These two approaches – top-down and bottom-up – should lead to the same result; consider the following example from the pharmaceutical sector.

A shortage of skilled people is a major general trend in developed economies. At the same time, pharmaceutical companies rely on highly skilled people to assure future company growth. The top-down approach says that Human Capital Management is an important long-term intangible factor that must be managed carefully. The bottom-up approach suggests that human resources are a key driver for product innovation; these companies pay fairly high salaries, including share-based compensation, and generally have lower turnover and higher R&D productivity. This implies that Human Capital Management is very important for these companies, in order to attract and retain the right set of skilled people.

Both the top-down and the bottom-up approach result in the suggestion that Human Capital Management has a major impact on two business value drivers: revenue growth and profitability. Therefore, both processes lead to recognition of the key importance of Human Capital Management for the pharmaceutical sector.

Figure 11. Top-down and bottom-up approach to identify long-term intangible factors

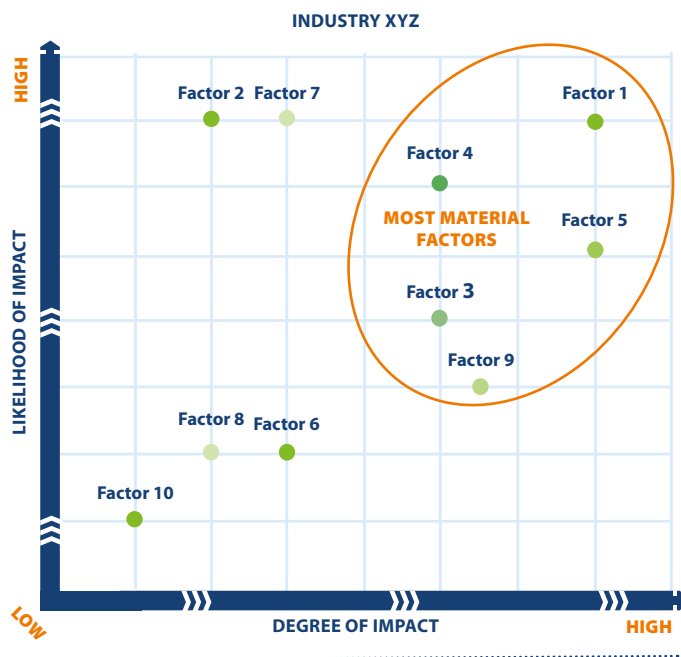


A variety of sustainability factors are relevant to companies across a wide range of industries. These include Innovation Management, Human Capital Management, Supply Chain Management, Environmental Management and Corporate Governance. However, as can be seen in the examples for the Technology Hardware & Equipment and the Bank & Diverse Financials sectors, many sustainability factors are industry-specific, and therefore only apply in the relevant industries.

Once the most important long-term intangible factors have been identified in the first step, they are prioritized in the second step. For each industry, the factors are prioritized according to their expected magnitude (degree of impact) and the likelihood of their impact (probability and timing of impact) on growth, profitability, capital efficiency and risk. The magnitude is defined by the relative size of the financial impact of sustainability issues on the business value drivers. The likelihood reflects the probability that the financial impact of a certain sustainability issue will materialize either at present or in the future. Among other things, likelihood can be determined by changes in the physical environment (e.g. climate change, resource scarcity), evolving industry trends (e.g. green product initiatives, the move from product centric to service centric offerings), changes in public perception (e.g. reputational risk), changes in regulation (e.g. carbon pricing, new environmental standards, change in tax rules) or the time horizon over

which the financial impact is likely to materialize. This two-dimensional evaluation results in a materiality matrix for each industry, which maps the relative importance of each material factor against the others, and provides a visualization of the most important factors for each industry (see Figure 12).

Figure 12. Example of an industry materiality matrix



The two-step process described above, which involves the identification and prioritization of long-term intangible factors, should ensure that the most relevant sustainability information is considered when incorporating sustainability into the investment case of a company. After the most material issues have been identified and prioritized, it is then essential to employ quantitative and qualitative KPIs in order to measure the degree to which management is addressing the intangible factors that are considered most relevant. Finally, the companies that stand out as high quality in terms of long-term competitiveness are considered the most attractive investment opportunities; these should constitute the core positions of a sustainable investment portfolio.

4.2 Sample

Technology Hardware & Equipment

The Technology Hardware & Equipment sector used in this analysis is based on the GICS definition, and includes manufacturers of communication equipment and products, including LANs, WANs, routers, telephones, switchboards and exchanges. Manufacturers of personal computers, servers, mainframes and workstations, office electronic equipment including copiers and faxes, Automatic Teller Machines (ATMs), electronic computer components and peripherals, such as data storage components, motherboards, audio and video cards, monitors, keyboards, printers and other peripherals are also considered. Semiconductor companies (SEM) are excluded.

Banks & Diverse Financials

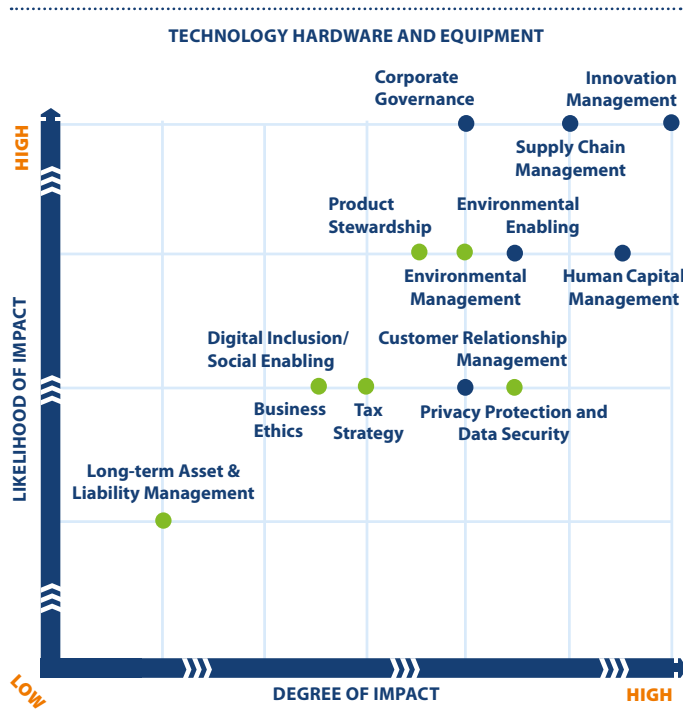
Based on the GICS definition the Banks & Diverse Financials sector consists of commercial global and regional banks whose businesses are derived primarily from commercial lending operations with significant business activity in retail banking, and small and medium corporate lending. The sector also encompasses providers of mortgage and mortgage related services; multi-sector holding companies; credit agencies; stock exchanges and specialty boutiques; asset managers; custody banks; investment banking and brokerage; and providers of a diverse range of financial services, including banking, insurance and capital markets, with no dominant business line, and other diversified capital market companies not classified elsewhere. Pure insurance companies and diversified companies (industrial conglomerates) with a financials division are excluded.

4.3 Research findings

Technology Hardware & Equipment

Using the process described in the previous section, 13 financially material sustainability issues were identified and prioritized for the Technology Hardware & Equipment sector, which have to be managed properly in order to ensure long-term value creation (see Figure 13). The four most important factors and three sector-specific factors are discussed in more detail below.

Figure 13. Materiality matrix for the Technology Hardware & Equipment sector



Most important issues

Innovation Management

Since the speed of innovation is high in the Technology Hardware & Equipment sector, consistent product and process innovation is the main driver for long-term profitability. History has shown that disruptive technologies can destroy corporate value in a short period of time (e.g. Nokia or Research in Motion). While money spent on innovation can be an indicator for management focus, effectiveness and efficiency of R&D is even more important. Therefore, companies with a well-managed R&D process are more likely to succeed in the long-term, and this is reflected in faster growth rates and higher profitability.

Supply Chain Management

Due to the major trend towards outsourcing of IT hardware manufacturing to low-income countries, supply chain management has become a key issue for the sector. Firstly, there are reputational risks if the suppliers do not adhere to best practice in sustainability or Environmental, Social and Governance (ESG) areas. Secondly, there are risks to supply chain disruption, as seen for example with the floods in Thailand. Finally, quality assurance and reliability are crucial. To ensure supply chain integrity and sustainability, supply chain policies and guidelines and supplier audits are important tools. Not having full control over the supply chain might result in loss of revenue or higher production costs.

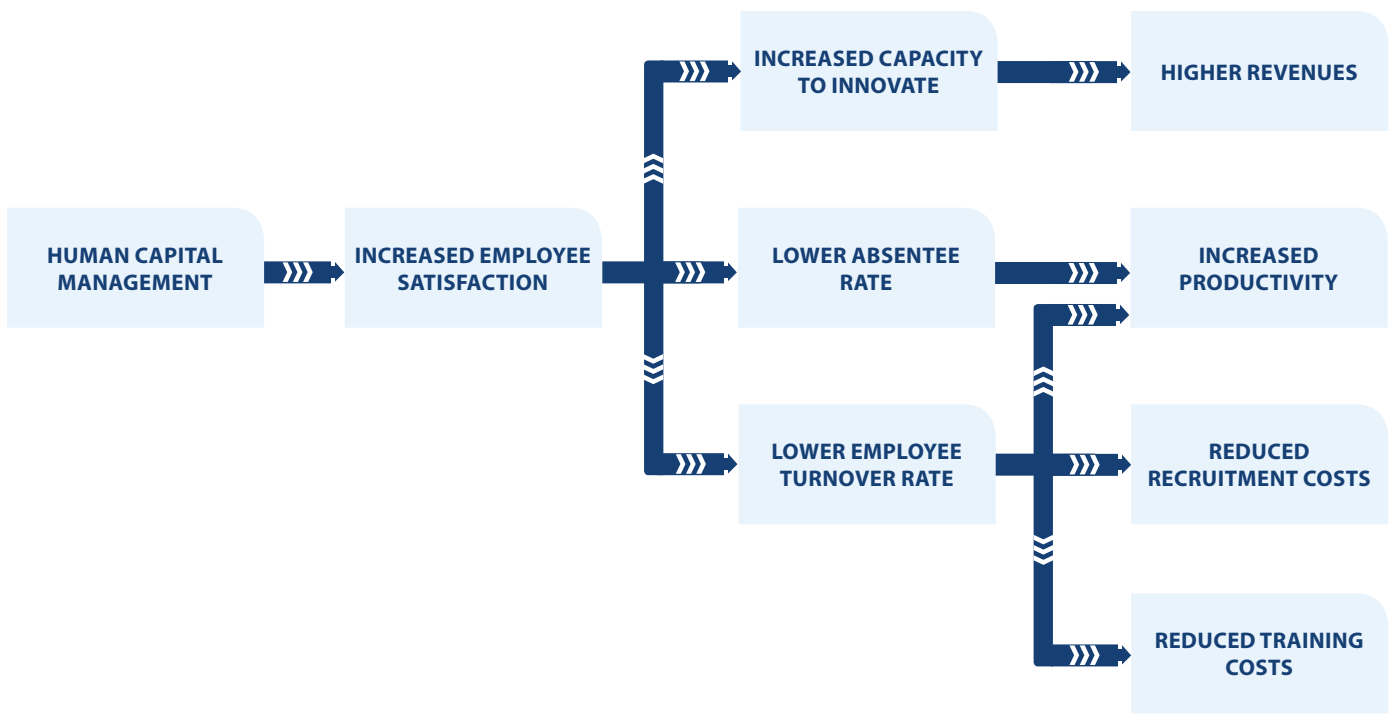
Corporate Governance

Both the right checks and balances structures and the alignment of the incentives of management with the interests of investors are paramount to creating long-term value for investors. For established IT companies, corporate governance is especially relevant, because cash flow redistribution can have a substantial impact on long-term value creation. For younger IT companies, owner structures and growth strategies are more relevant. Generally speaking, a good checks and balances structure might lead to a more efficient cost and capital structure, and the right incentive structure should actually lead to higher and sustainable growth, profitability and more efficient use of capital.

Human Capital Management

The IT sector has grown quickly over the last couple of decades, and in many areas it is still growing faster than global GDP. Consequently, the demand for skilled people is high. In order to be successful in this competitive environment, it is crucial to have the right people within a company. Failure to attract talented people might limit the resources needed to grow. Furthermore, there should be incentives to motivate employees to excel in their work and keep them at the company. However, high labor costs, especially in form of variable compensation, can also drain off company profits from investors to employees. A theoretical example of how human capital management can impact a company's business value drivers is shown in the causality chain (see Figure 14).

Figure 14. Causality chain for human capital management



This causality chain can be read as follows: An advanced human capital management strategy that offers employees opportunities for career advancement, appropriate incentives to perform well, and a fulfilling work environment contributes to employee satisfaction. In turn, a motivated workforce contributes to the company's capacity to innovate, which has a positive impact on revenues. Lower absentee rates also contribute to enhanced productivity, while lower employee turnover leads to lower recruitment and training costs.

Sector-specific issues

Environmental Enabling

While the IT industry is responsible for about 2% of global CO₂ emissions, IT-based solutions play an important role in achieving CO₂ reduction targets, as IT products can help users to increase the resource efficiency of their processes. Communication equipment, for example, can help to reduce emissions from travelling or improve logistic processes. The increasing customer demand for resource efficient products is influenced by cost savings for customers, and also regulatory requirements. Companies that proactively push their product offerings towards resource efficiency gains with their customers can realize additional sales of these products. Finally, such products can add to the 'green' image of a company.

Privacy Protection and Data Security

Networked data, which is growing massively in the era of cloud and mobile computing, and globalized corporate activities require that customer and user data as well as other confidential information is handled carefully. IT companies that struggle to protect the privacy of customers or users risk losing them, and could also face legal risks. Major data security cases could even challenge the license to operate for data-focused companies. Theft of data is one area where breaches of privacy protection and loss of confidential information can happen. Additionally, the use of customer data for commercial reasons bears some risks. If users are not aware for what purposes their data is used, or if they do not agree with the usage of their information, they might stop using services. Finally, protecting customers' and users' privacy from unlawful government access is a major issue for IT companies that should be addressed with high priority in order to limit negative financial impacts.

Digital Inclusion / Social Enabling

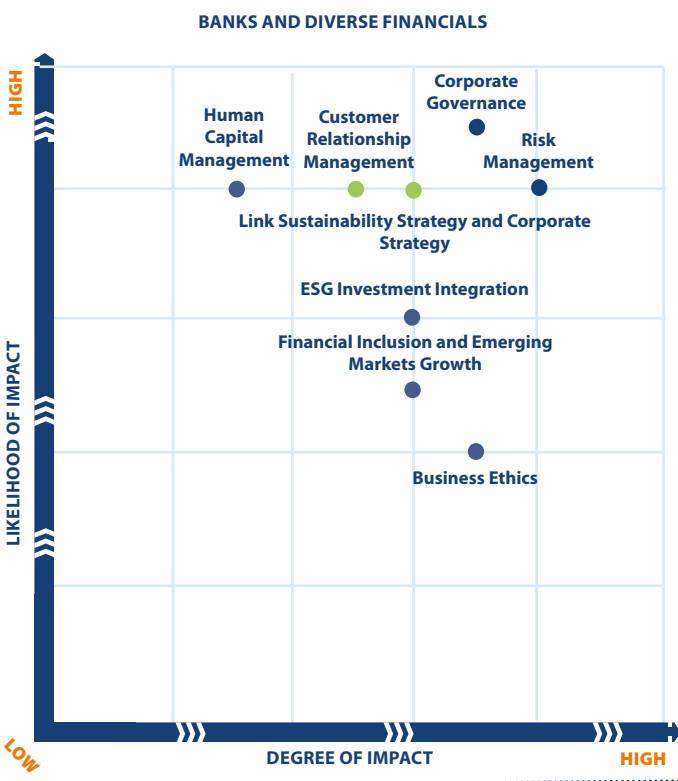
Even though Internet and IT penetration is increasing steadily, there are still populations that do not have sufficient access to information technology. Digital inclusion involves expanding the benefit of the Internet and related information technology to all segments of a population, including people who are disadvantaged with regard to education, age, gender,

disabilities and ethnicity, and those living in remote regions. Furthermore, IT solutions can help, for example, to improve the healthcare system or provide disaster relief. Expanding offers to smaller groups or regions where first time introduction costs are rather high might look like a cost burden at first sight. But in the long-term, focusing on disadvantaged groups or areas with lower scalability could offer new business opportunities. In addition, it could help develop a better reputation for the company.

Banks & Diverse Financials

For the Banks & Diverse Financials sector, eight financially material sustainability issues have been identified and prioritized (see Figure 15). Following this, the three most important factors and the two sector-specific factors are also described.

Figure 15. Materiality Matrix for the Banks & Diverse Financials sector



Most important issues

Risk Management

The credit crisis has demonstrated dramatically the fundamental importance of risk management for the success or failure of banks and the financial system more generally. This factor has become increasingly important over the past several years, given increasing regulatory pressure on banks to have more solid balance sheets in order to prevent a recurrence of the credit crisis. Moreover, the significant fines that banks have faced in the recent past have underscored the importance of operational risk management in ensuring proper compliance with regulatory requirements throughout the bank. The criteria includes an evaluation of the risk management structure and practices of the bank, as well as the long-term sustainability risks that the bank faces and how these risks are being mitigated through the long-term strategy of the bank.

Corporate Governance

Corporate governance is considered particularly important for banks, as it includes both the ability to control management in the interests of shareholders through the board composition, and the over-arching incentive structure of top management. Having a well-qualified and competent board of directors with a strong representation of independent financial knowledge is particularly important in banks, given the complexity of many banking products as well as the regulatory pressure that banks face. Moreover, given the importance of incentives throughout financial institutions, it is essential that senior executive compensation is structured in a way that ensures that managers are managing the company in accordance with long-term shareholder interests, incorporating a recognition of the importance of long-term sustainability trends to the business.

Human Capital Management

The most important asset that banks have is human capital, and human capital constitutes the more significant non-financial cost item that banks face. Attracting and retaining the best employees serves as a key differentiator among financial institutions, and those institutions that attract and retain the best talent are consistently more successful over time. Effective human capital management through lower employee turnover and absenteeism is also directly tied to operational efficiency; those companies with the strongest performance on human capital factors tend to be the banks with the best cost-income ratio – the key metric for determining operational efficiency at a bank.

Business Ethics

The credit crisis not only shook the financial foundations of many institutions; it also led to very profound questioning by the general public and regulators about the role of banks. The failures of business ethics and compliance at many of the world's largest banks have led to significant fines that have had a direct, and in many cases dramatic, impact on the financial institutions' bottom lines. The banks leading on sustainability have responded to these challenges by emphasizing the importance of cultural transformation to better control compliance failures. The importance of establishing a sound corporate culture that promotes business ethics and a conservative approach to risk is clear.

Sector-specific issues

Financial Inclusion and Emerging Markets Growth

Since the credit crisis, banks in developed markets have faced the combined challenge of stagnant economic growth along with deleveraging, which has undermined the potential for significant organic growth in net interest income. The prospects for significant growth in lending within developed markets remains muted for the foreseeable future, while emerging markets have provided banks with an opportunity for long-

term growth. The exposure to emerging markets served as a stabilizing force for those banks with a global presence during the credit crisis. One of the most important ways for banks to establish and grow their presence in new and emerging markets is through financial inclusion initiatives, which in turn can establish relations with a large number of individuals who may migrate to more traditional financial products over time. In addition, given the anticipated growth from transaction revenues in emerging markets, banks with a global presence in high growth areas will be uniquely placed to benefit positively over the long term.

ESG Investment Integration

Far more significant than the impact of banks' own environmental operations is the impact of banks' investment strategies and policies. The integration of sustainability factors in banks' lending practices and investment process also provides an important means for understanding how effectively banks manage long-term risks throughout their investment processes. In addition, sustainable investment products and strategies represent a differentiated product offering, which can in turn demonstrate the degree to which a bank is able to provide innovative and differentiated products and solutions for its clients.

5 Conclusions

Does materiality mean the same thing to investors as it does to other stakeholders? Encouragingly, the research reveals an overall high degree of overlap between the topics considered material by reporting organizations, and those considered material by investors.

Overlap of material topics identified by the reporters and by the investors is clear in the Technology Hardware & Equipment sector. The most material topics were supply chain management, innovation, and environmental management, including the management of emissions, effluents and waste.

In interviews conducted for this research, EMC Corporation and Alcatel-Lucent identified similar material topics, both mentioning supply chain and environmental management, among other topics.

EMC Corporation specifically identified the elimination of hazardous substances and waste handling as material, and suggested that companies in the sector need to address broader system issues in these areas. “With regard to material content, even the ‘benign’ materials are non-renewable; at some point, we need to collaborate to ensure a strong industrial ecosystem that recaptures value and materials and returns them into the supply chain. Coupled with this should be an economic framework that allows the informal workforce in developing economies to participate in the system of recapture without being exposed to health hazards.”

While corporate governance was important to reporters in the Technology Hardware & Equipment sector, it did not rank as highly as it did for investors. Conversely, while reporters considered business ethics to be material, investors ranked it at the lower end of their 13 material topics. Sector-specific material topics were agreed to be innovation, digital inclusion, and data security.

According to EMC Corporation, electronic waste handling is already a concern, and “areas that have been important in the past but are seeing even greater attention include diversity and inclusion, data privacy, freedom of expression, and engagement in public policy.”

In the Banks & Diverse Financials sector, the overlap of material topics was also evident, though perhaps less obvious due to differences in terminology. Risk management and corporate governance were identified among the most material topics by both reporters and investors. Overlaps were also observed

with other material topics, such as human capital management (which reporters called training and education), employment, diversity and equal opportunity. The reporters mentioned transparency frequently as a material topic, but it does not appear among the eight most material topics for investors, perhaps since it is viewed as more of a general aspect of strategy rather than a sustainability topic.

In an interview conducted for this research, Vancity acknowledged the shift away from environmental reporting in the sector. “More financial institutions are becoming aware of the need to focus on the real economy, and acknowledge that their main environmental impact is through financing and investments, not the direct environmental impact of their operations.”

Vancity predicts that topics such as financial literacy, access to basic financial services and credit and local economic development will stay on the agenda.

Sector-specific material topics identified were financial inclusion (which for reporters is covered by the Aspect Community (Local Communities in G3.1)), and ESG investment integration (which for reporters is covered by the Financial Services Sector Supplement Aspect Product Portfolio).

In the future, Vancity thinks there will be a greater focus on impact investing, revenue diversification, technology and transparency around rates and fees. Innovation in valuation and measurement, and a move towards values-based banking, will also shift the focus. For Vancity, the sector’s next step should be a bigger focus on poverty and income inequality, and responsible consumerism.

While the topics are generally consistent, terminology can sometimes differ between the two groups, particularly for financial topics. The overlap in the key topics also owes to the fact that companies that identify and report on the most material topics are likely to have a relatively advanced understanding of the views of their internal and external stakeholders, conducting their reporting with the input and influence of those views.

In their interview, EMC Corporation noted the lack of consistency in the level of granularity of issues and in the definition of “material issues” – perhaps affected by differences in commonly-used terminology, not only between shareholders and reporters but also among reporters in a sector.

The research demonstrates that companies that have conducted a materiality analysis, and that focus on the most important sustainability issues in their reporting, assume that all their stakeholders consider the same topics to be material. Although it is commonly believed that there is a discrepancy between what investors and other stakeholders consider to be material, these companies do not consider there to be a discrepancy: They realize that the topics with the greatest impact on the external world largely overlap with the topics with the greatest impact on the company's business performance and vice versa. By undertaking a materiality analysis that considers the degree of a company's impact by

taking into account both internal and external stakeholder views, companies can identify those topics on which to report, doing so in a way that will also be relevant to their shareholders.

The results of this research by GRI and RobecoSAM underscore the key benefits that conducting a materiality analysis can bring to the strength of a company's sustainability reporting. Not only does such an analysis bring focus to the areas of greatest relevance, but it can also help a company to orient its resources toward the areas of its sustainability strategy that will have the greatest impact both internally and externally.

Annex 1

Technology Hardware & Equipment sector reporters included in the analysis by GRI

Aegis Limited, India	Lenovo, China
AMD (Advanced Micro Devices), United States of America	Lexmark, United States of America
ARM Holdings, United Kingdom	LG Display, Republic of Korea
ASML, the Netherlands	Molex Inc., United States of America
AU Optronics (AUO), Taiwan	Morvest Business Group, South Africa
Chungwa Picture Tubes (CPT), Taiwan	National Instruments, United States of America
Cisco Systems, Inc., United States of America	NEC Corporation, Japan
ECI Telecom, Israel	Nikon, Japan
EMC, United States of America	NVIDIA, United States of America
Fujikura Ltd., Japan	Reichle & De-Massari AG, Switzerland
Giga-Byte Technology Co., Ltd., Taiwan	Ricoh, Japan
Globant, Argentina	RIM, Canada
Hewlett Packard (HP), United States of America	Seagate Technology, United States of America
Hitachi, Japan	Seiko Epson, Japan
IBM, United States of America	Sonaecom, Portugal
Innolux Corporation, Taiwan	Tata Consultancy Services (TCS), India
Intel Corporation, United States of America	TDK, Japan
Itautec, Brazil	TSMC (Taiwan Semiconductor Manufacturing Company), United States of America
Juniper Networks, United States of America	UMC (United Microelectronics Corporation), Taiwan
Konica Minolta Group, Japan	

Annex 2

Banks & Diverse Financials sector reporters included in the analysis by GRI

Aareal Bank, Germany	Hong Kong Exchanges and Clearing Limited, Hong Kong Special Administrative Region, China
Absa, South Africa	HSBC Group, United Kingdom
Abu Dhabi Commercial Bank (ADCB), United Arab Emirates	IDLC, Bangladesh
Access Bank PLC, Nigeria	Industrial Bank of Korea, Republic of Korea
Akbank, Turkey	Industrial Development Corporation (IDC), South Africa
Arab Bank, Jordan	ING Bank Slaski, Poland
Banca Intesa Beograd, Serbia	ING Direct, Australia
Banco Bradesco, Brazil	Isbank, Turkey
Banco do Brasil, Brazil	Itau Unibanco S/A, Brazil
Banco Espirito Santo, Portugal	KASIKORN BANK PCL, Thailand
Bank Asia, Bangladesh	Korea Securities Depository (KSD), Republic of Korea
Bank Jateng, Indonesia	Landsbankinn hf, Iceland
Bank Muscat, Oman	Liberty Group, South Africa
Bank of America Corp., United States of America	Mahindra & Mahindra Financial Services, India
Banrisul, Brazil	Maybank, Malaysia
Barclays, United Kingdom	Mercantile Investments and Finance PLC, Sri Lanka
BicBanco, Brazil	MMCo Mexico, Mexico
Bloomberg, United States of America	Montepaschi Group, Italy
BNG Bank, Netherlands	Morgan Stanley, United States of America
BNI, Indonesia	National Australia Bank (NAB), Australia
BNP Paribas, France	National Bank of Abu Dhabi (NBAD), United Arab Emirates
BNY Mellon, United States of America	Nedbank Group, South Africa
BS FINANCIAL GROUP INC, Republic of Korea	Northern Trust, United States of America
CAIXA GERAL DE DEPOSITOS, Portugal	OP-Pohjola Group, Finland
CaixaBank, Spain	Pricewaterhouse Coopers Hungary, Hungary
China Everbright International Limited, China	Rabobank, Netherlands
Citigroup, United States of America	RZB Raiffeisen Zentralbank, Austria
Comerica Bank, United States of America	Samsung Securities, Republic of Korea
Commerzbank, Germany	Sanlam, South Africa
Daiwa Securities Group, Japan	Sasfin, South Africa
Danamon, Indonesia	SEB, Sweden
De Nederlandsche Bank, Netherlands	Shinhan Financial Group, Republic of Korea
DekaBank, Germany	Singapore Exchange (SGX), Singapore
Deutsche Bank, Germany	SNS Reaal Groep, Netherlands
Deutsche Börse AG, Germany	Standard Bank, South Africa
DGB (The Daegu Bank Ltd), Republic of Korea	State Street Corporation, United States of America
DNB NOR, Norway	Sumitomo Mitsui Financial Group (SMFG), Japan
Erste Bank Serbia, Serbia	Suomen Teollisuussijoitus, Finland
Finnvera, Finland	Suramericana S.A., Colombia
Fonds de solidarité FTQ, Canada	Swedbank, Sweden
Garanti Bank, Turkey	Swedish Export Credit Corporation (SEK), Sweden
Hana Financial, Republic of Korea	TD Bank Financial Group, Canada
Hang Seng Bank, China	

TSKB-TURKIYE SINAI KALKINMA BANKASI, Turkey
Unicredit, Italy
Vancity, Canada
VicSuper, Australia
VidaCaixa, Spain

Western Union, United States of America
Westpac Banking Corporation, Australia
Woori I.S., Republic of Korea
Yes Bank, India

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