



How Investors Look at Sustainability

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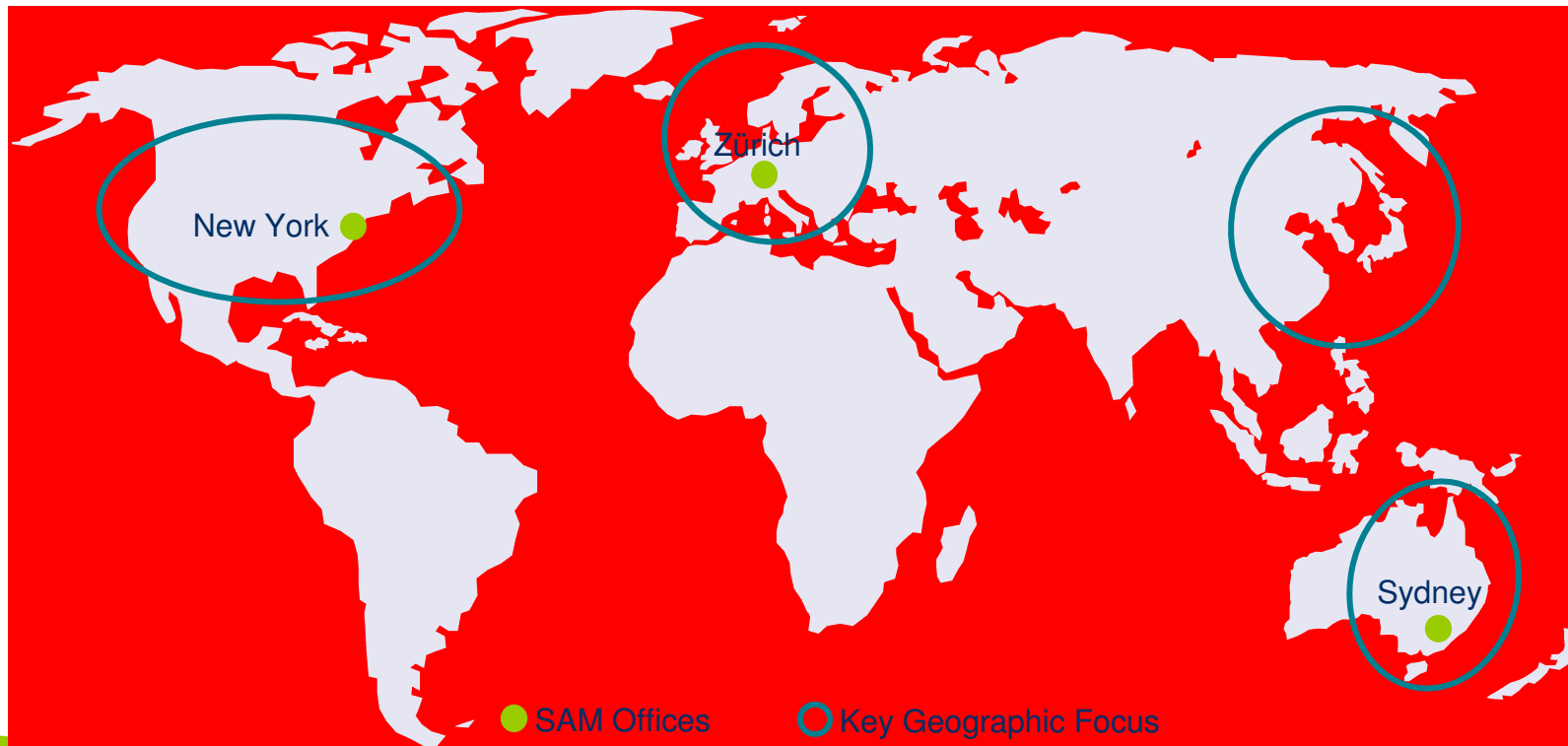
SAM in Brief

- **Specialised Investment Group for Sustainability Investments**
Founded 1995
- **Strategic Cooperation SAM – Robeco**
Creating the world's leading platform for sustainability investments
- **Over 100 Employees worldwide with Headquarters in Zurich**
- **First Swiss Company with Carbon Neutral® Status (2001)**

Geographic Focus

International Client Base

- Banks, insurance companies, pension funds, family offices and private clients

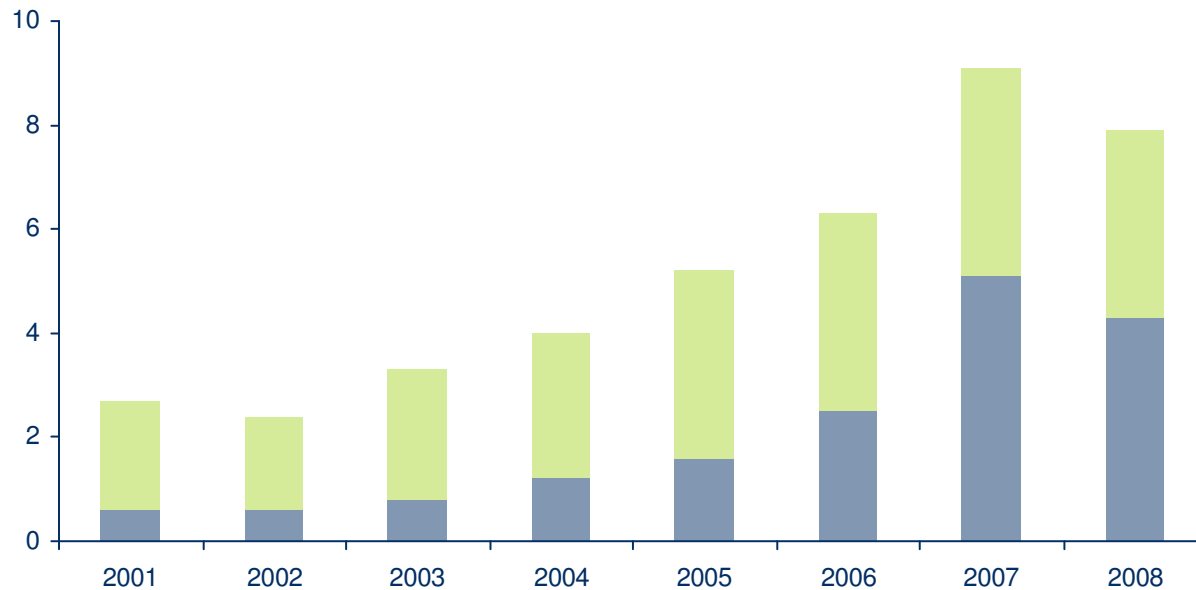


SAM in Brief

Strong growth of Assets under Management and under Advice (as of June 2008)

- EUR 4.3 billion assets under management
- EUR 3.6 billion assets under advice (e.g. index licences)

Total AuM in EUR bn.



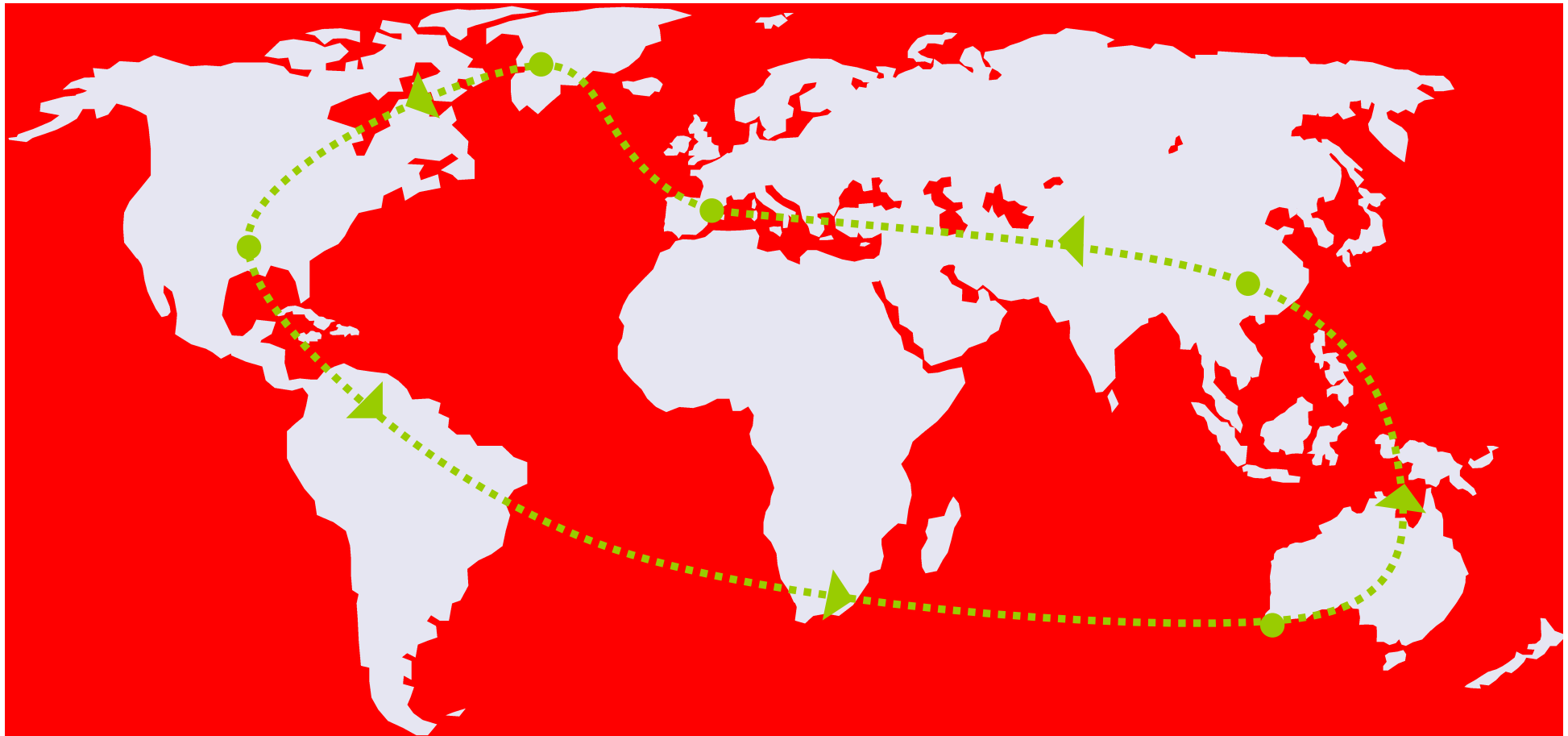
Indexes (www.sustainability-index.com)

- Dow Jones Sustainability Index
- Regional Indexes
- Theme Indexes

Asset Management (www.sam-group.com)

- Theme Equity Investments
- Global & European Equities

Our destinations

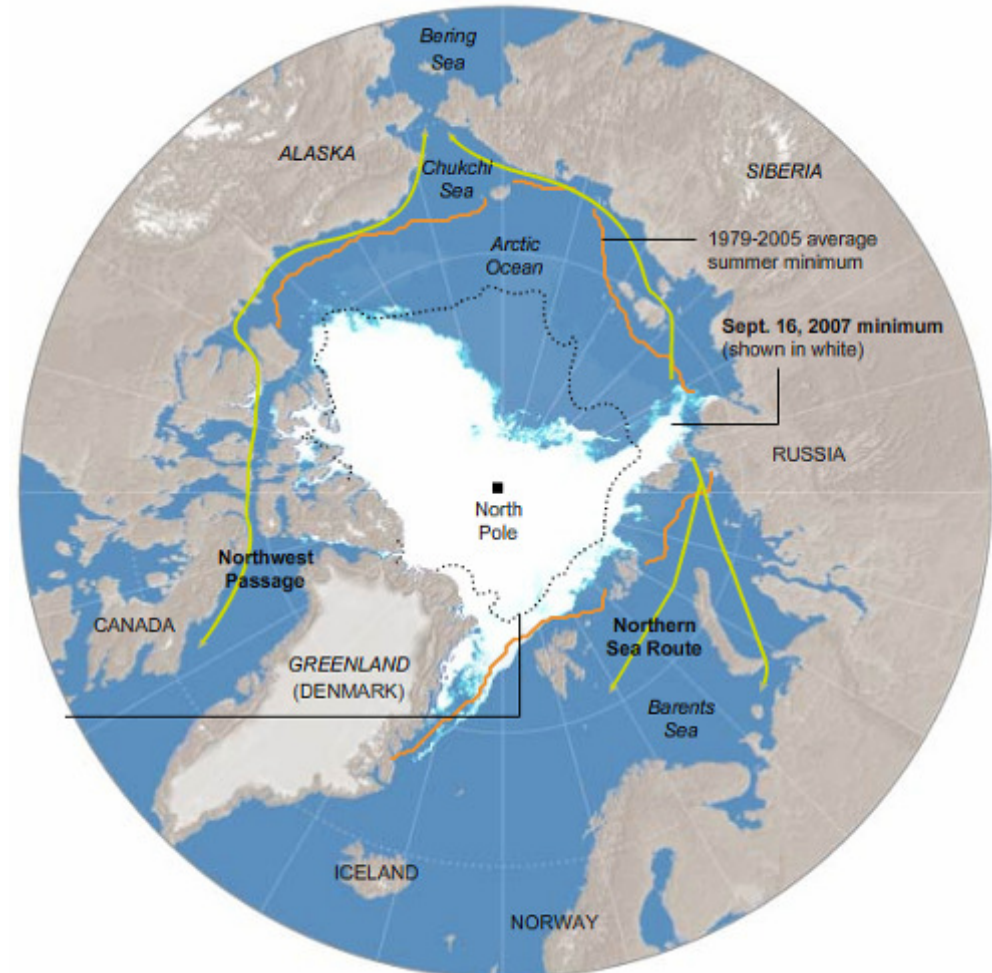


Barcelona (ESP) → Non-stop round the world → Barcelona (ESP)

Ready for Take-off

A View of the Arctic from the Plane's Window

- Pack ice around the coast of Alaska and Russia has almost completely melted the first time.
- This has occurred 70-100 years earlier than predicted by the IPCC.
- Northeast/northwest passage open to merchant shipping.
- This makes the Panama canal redundant!



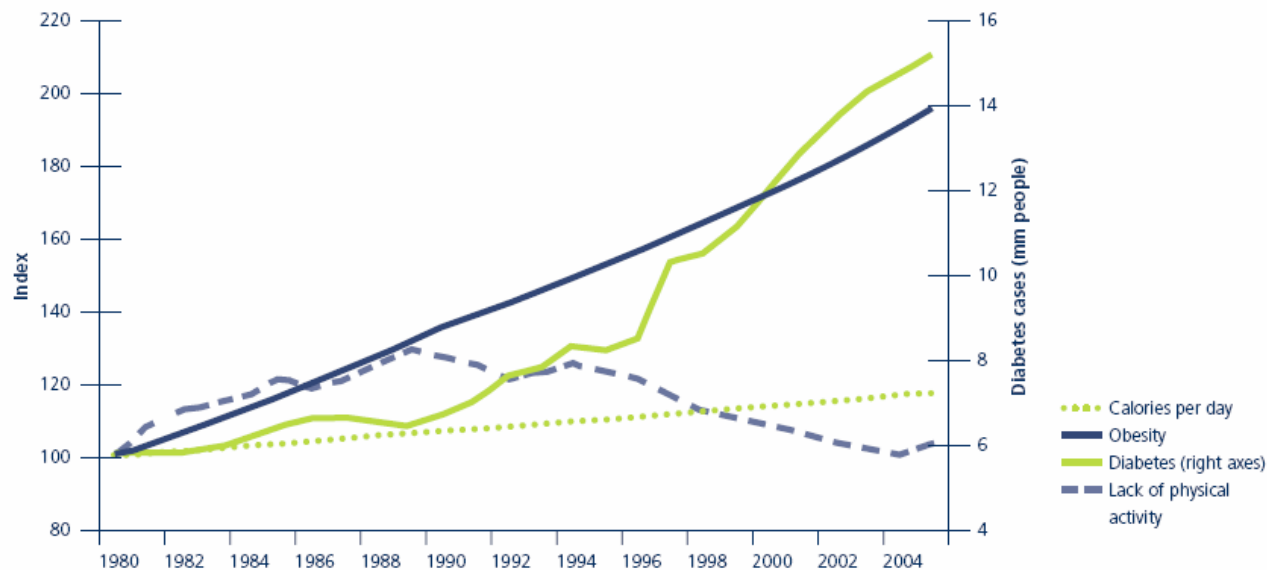
Houston - USA

The World's Fattest City

- In 2015 2.3 billion people will be overweight (WHO forecast).
- Main reasons: lack of exercise and poor diet.
- In the US, 13% of health costs are associated with the treatment of obesity.
- Prevention is therefore becoming increasingly important.

Rising Trends in Calorie Intake, Obesity and Diabetes from 1980 to 2005

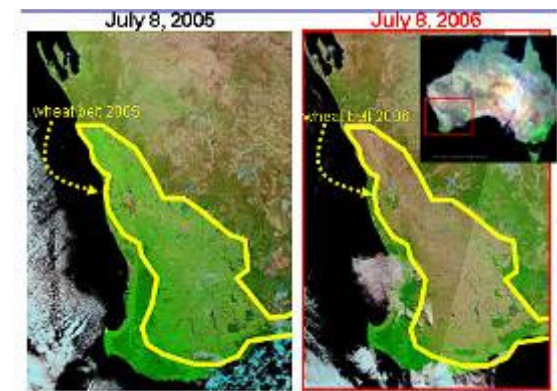
Source: National Centre for Health Statistics (NCHS), Centre for Disease Control and Prevention (CDC), Goldman Sachs Investment Research



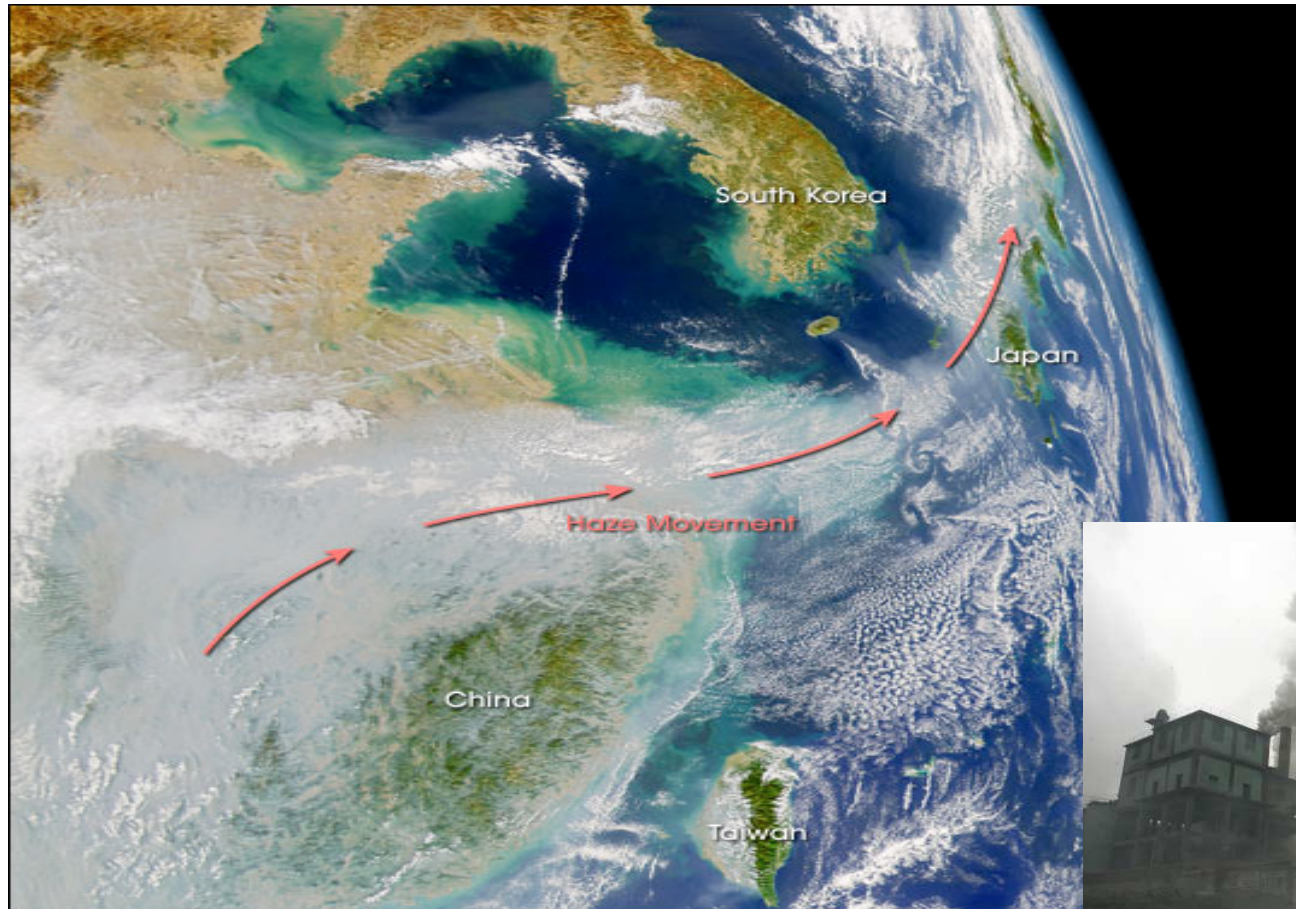
Australia

The Drought in the “Wheat Belt” and its Severe Consequences

- Australia is one of the world’s biggest wheat exporters.
- After several years of drought, production volumes have fallen from just under 16 million tonnes in 2004 to 8.5 million tonnes in 2007.
- This has pushed up the price of a bushel of wheat from USD 3 (June 2003) to over USD 9 (October 2007).
- Negative impact on Australia’s trade balance and economic growth.
- State is having to ration water.
- More efficient irrigation is urgently needed.



A look from the window over the clouds



Shanghai - China

Boomtown with an Enormous Appetite for Raw Materials

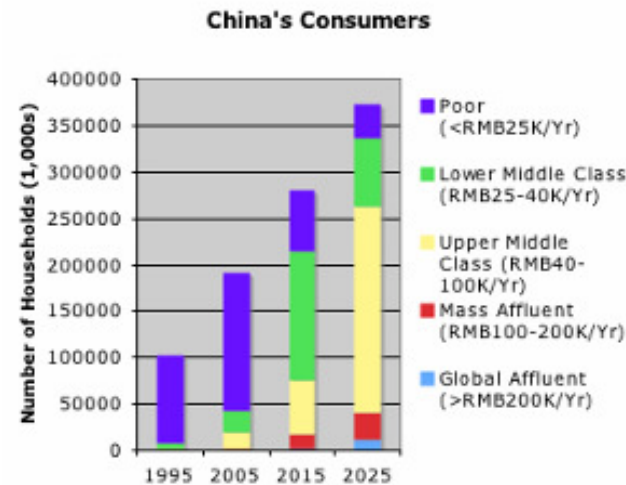
- In the next 30 years, 500 million Chinese want to purchase a car, TV, mobile phone, modern household appliances and furnishings.
- China is already the world's biggest importer of raw materials.
- More efficient use of materials is urgently required.
- Recycling become far more important.



Prognosen für Chinas Importnachfrage nach Rohstoffen

Rohstoff	Einheit	Jährliche Nachfrage		2006-2020, Veränderung in %	
		Zuletzt	2020	Gesamt	Jährlich
Eisenerz	Mio. Tonnen	148	710	380	10
Öl	Mio. Tonnen	91	1860	1940	20
Soja	Mio. Tonnen	26	50	80	4
Kohle	Mio. Tonnen	11	810	7400	20
Kupfer	Mio. Tonnen	3	20	600	10
Mangan	Mio. Tonnen	3	13	360	10
Fleisch	Mio. Tonnen	0,3	4	1260	20
Holz	Mio. Kubikmeter	34	150	330	10

Quelle: DB Research **1**



Welcome back to Barcelona

Do you dare to consider any change an opportunity?

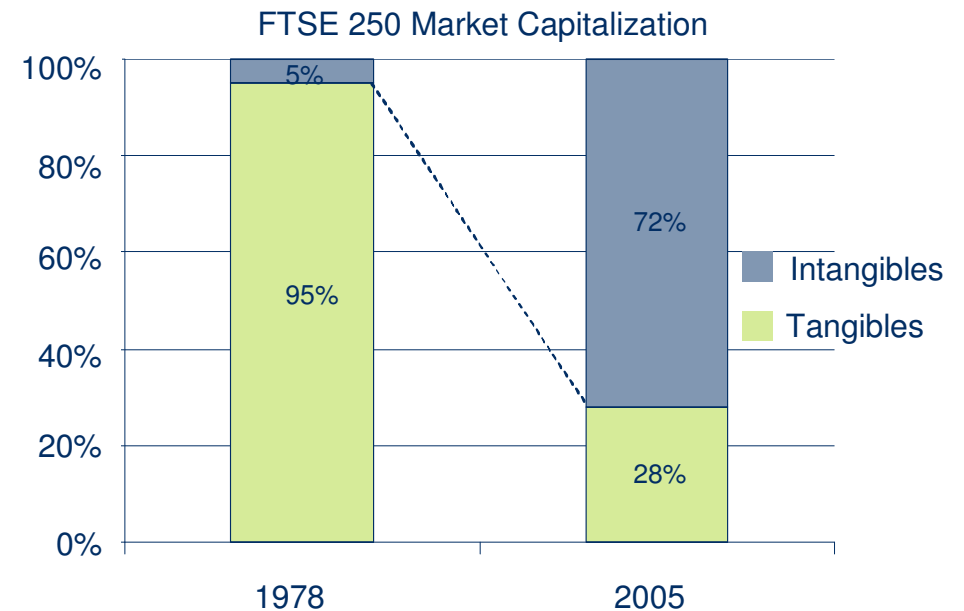
The sustainable megatrends climate change, resource shortages and demographic changes, and corporate governance (again!) present both opportunities and risks for investors

- Climate change and water shortage are the two most pressing long-term trends that require global solutions.
- Aging of population, education, and find talented people are probably one of the most important challenge company will face in the next decade
- What caused the latest financial crisis? Was it avoidable? Who will come out from the crisis stronger then ever?
- People are starting to realise the economic repercussions that management of changes and of soft feactors can have to economies. The financial market is beginning to see emerging opportunities, and penalizes the unprepared companies.

The Importance of Intangibles

Increasing importance of intangibles as part of company valuation

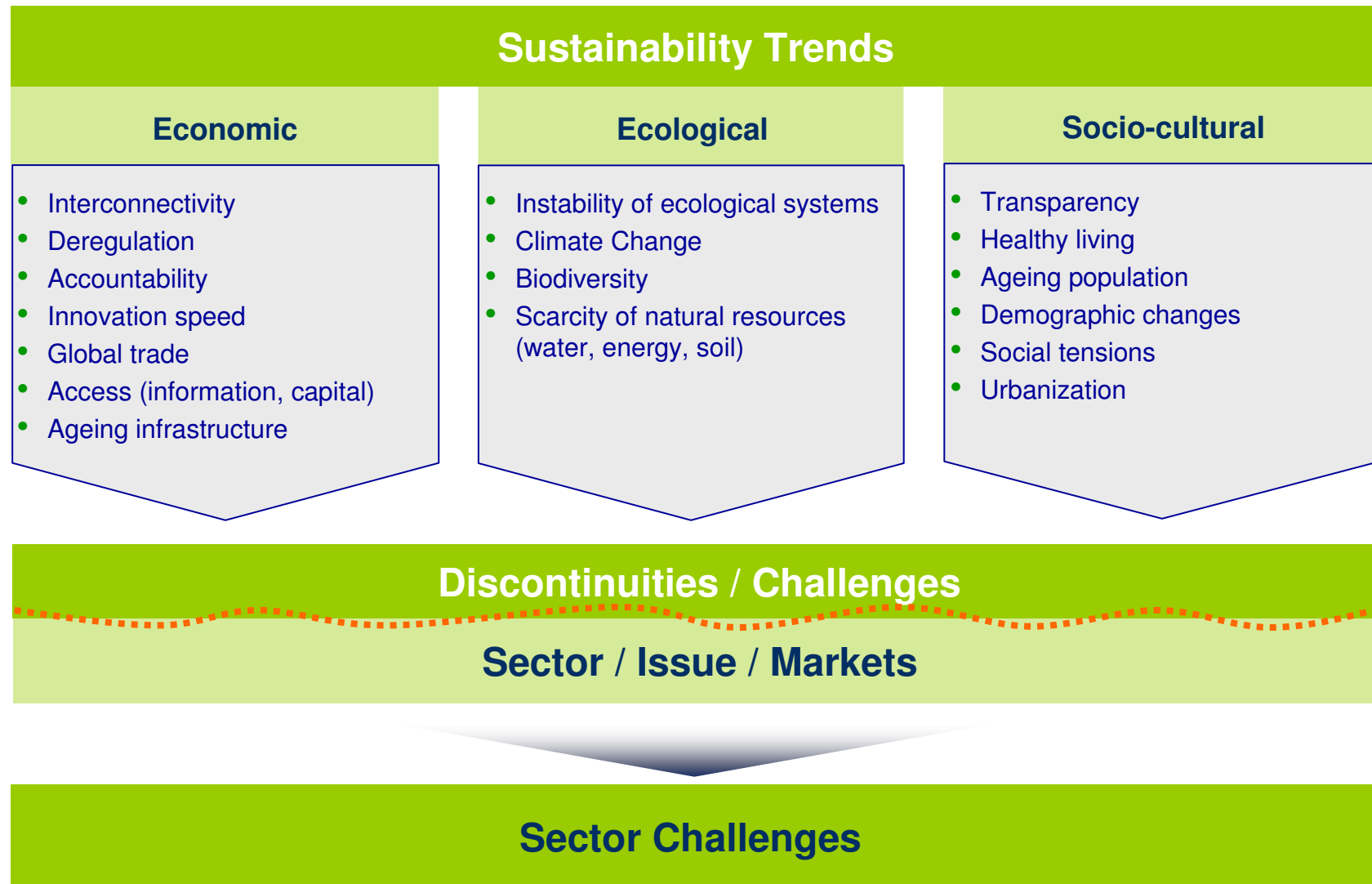
- What are 'intangible assets':
 - Human capital: including work structures, training & development, compensation, ...
 - Intellectual: including patents, copyrights, proprietary processes & research, knowledge management, ...
 - Relational: including brand equity (loyalty, trust, quality), corporate culture & reputation, ...
 - Structural: including quality of management, strategic alignment, information systems, ...



Source: Interbrand: Brand Value Management (2006)

- Investment professionals can no longer afford to overlook the value of intangibles when performing fundamental analysis
- SAM's sustainability criteria act as a proxy to quantify the value of a firm's intangibles assets, thus making better-informed investment decisions

Sector specific trend analysis



Our methodology & assessment process

Sustainability trends

E.g.: globalisation & liberalisation, demographics, climate change, energy security, mgt. of intangibles, ...



General / Industry-specific challenges

E.g.: resource efficiency, stakeholder mgt., shortage of skilled labour, reputational risks, ...



Assessment Criteria

Corporate Governance,
Eco-Efficiency,
Human Capital Development, ...



Links to financial performance

Sales growth, ROIC, WACC, ...

Our methodology & assessment process

General assessment criteria (2008)

- Corporate governance
- Codes of conduct & corruption
- Risk & crisis management

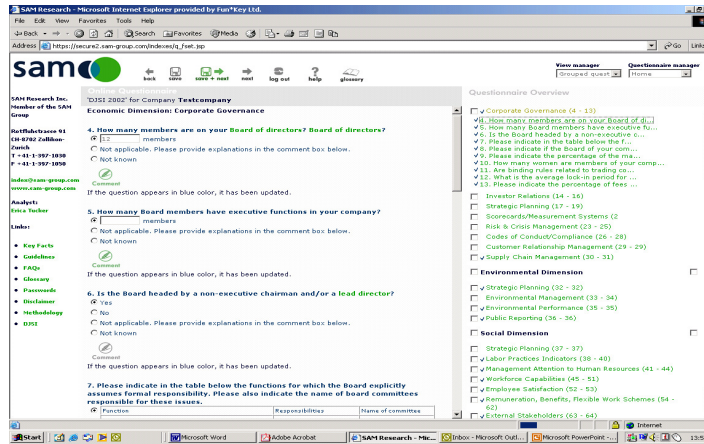
- Eco-efficiency
- Environmental reporting
- Environmental Management System

- Labour practice indicators
- Human capital management
- Talent attraction & retention
- Corporate citizenship & philanthropy
- Social reporting

- + Industry specific criteria

Measuring corporate sustainability

Information gathering



- Web-based questionnaire
- Company documents
- Company interactions
- Media & Stakeholder analysis
- SAM Network

Criteria

Scores

Sustainability Database: Investment universes for

KB	A	B	C	D	E	F	G	H
	Questionnaire							
1	Name	Company Name	Industry	Total Score	Total	Environment	Economic	Social
2	DJSI 2004	Company A	INS	64.5554	5	5	5	5
3	DJSI 2004	Company B	BLD	63.33972	5	5	5	5
4	DJSI 2004	Company C	FTS	83.31386	5	5	5	5
5	DJSI 2004	Company D	BLD	58.02794	5	5	5	5
6	DJSI 2004	Company E	INS	53.77254	4	5	5	5
7	DJSI 2004	Company F	INS	42.97924	3	5	5	5
8	DJSI 2004	Company G	INS	50.50928	4	5	5	5
9	DJSI 2004	Company H	FTS	44.14142	3	5	5	4
10	DJSI 2004	Company I	INS	38.96452	3	5	5	5
11	DJSI 2004	Company J	INS	36.86264	3	5	5	5
12	DJSI 2004	Company K	INS	53.01768	4	5	5	5
13	DJSI 2004	Company L	COS	54.85636	5	5	5	5
14	DJSI 2004	Company M	BLD	65.33284	5	5	5	5

→  Investment Products
Clients' portfolios

→  Dow Jones Sustainability Indexes

 creating sustainable value

Alpha from sustainability

Methodology:

- Portfolio construction based on ranking methodology
- Ranking is determined by SAM's sustainability scores
- Population sample is split into 5 individual portfolios containing an equal number of companies
- Main risk factors are neutralized (i.e. firm size, sector, region, currency)



Alpha from sustainability

	Leaders	Laggards	Long / short
Outperformance (%)	1.48	-1.41	2.88
Tracking Error (%)	2.93	3.08	4.63
Information Ratio	0.5	-0.46	0.62
T-Stat	1.29	-1.17	1.6

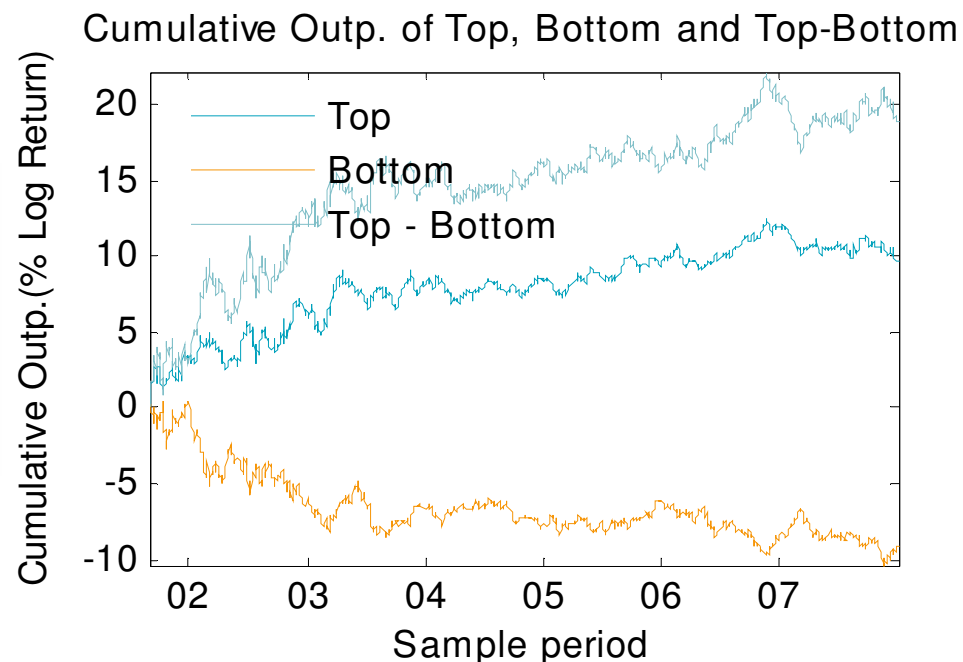
Terminology:

Outperformance (%) - refers to the average annualized outperformance of a given portfolio relative to the overall sample (portfolios 1, 2, 3, 4 and 5)

TE (tracking error) - how closely a portfolio follows the benchmark (portfolios 1, 2, 3, 4, and 5), as measured by the standard deviation of the relative stock returns in % terms.

IR (information ratio) = outperformance / tracking error. This is basically a measure of risk-adjusted returns

T-stat - in this context is a measure of statistical significance.

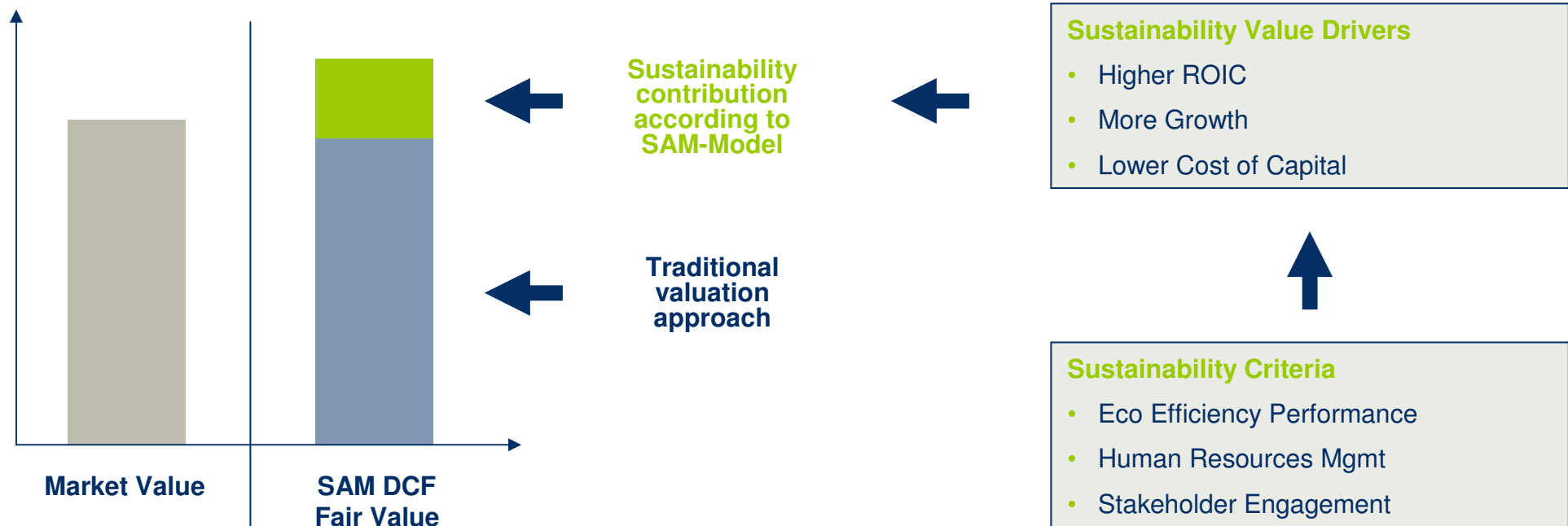


Alpha from sustainability

- SAM's sustainability data has predictive power for stock picking, as shown by the positive information ratio (0.5) of the portfolio of sustainability leaders
 - Value is created both from picking sustainability leaders and avoiding sustainability laggards, as shown by the positive information ratio for long/short (0.62), an investment strategy which consists of holding the sustainability leaders long and short-selling sustainability laggards
 - Balanced performance in both bull and bear markets, with all 3 regions (US, Europe, and Pacific) contributing to outperformance
 - A T-statistic of 1.6 (for long/short) means that with a 90% confidence level, we can say that the performance of this investment strategy is statistically significant. A T-statistic of 1.3 (for the portfolio of sustainability leaders) implies a confidence level of 80%.
- ➔ By investing in sustainability leaders, investors not only enhance their financial returns but also contribute to addressing some of the pressing issues related to sustainable development by investing in responsible corporate citizens

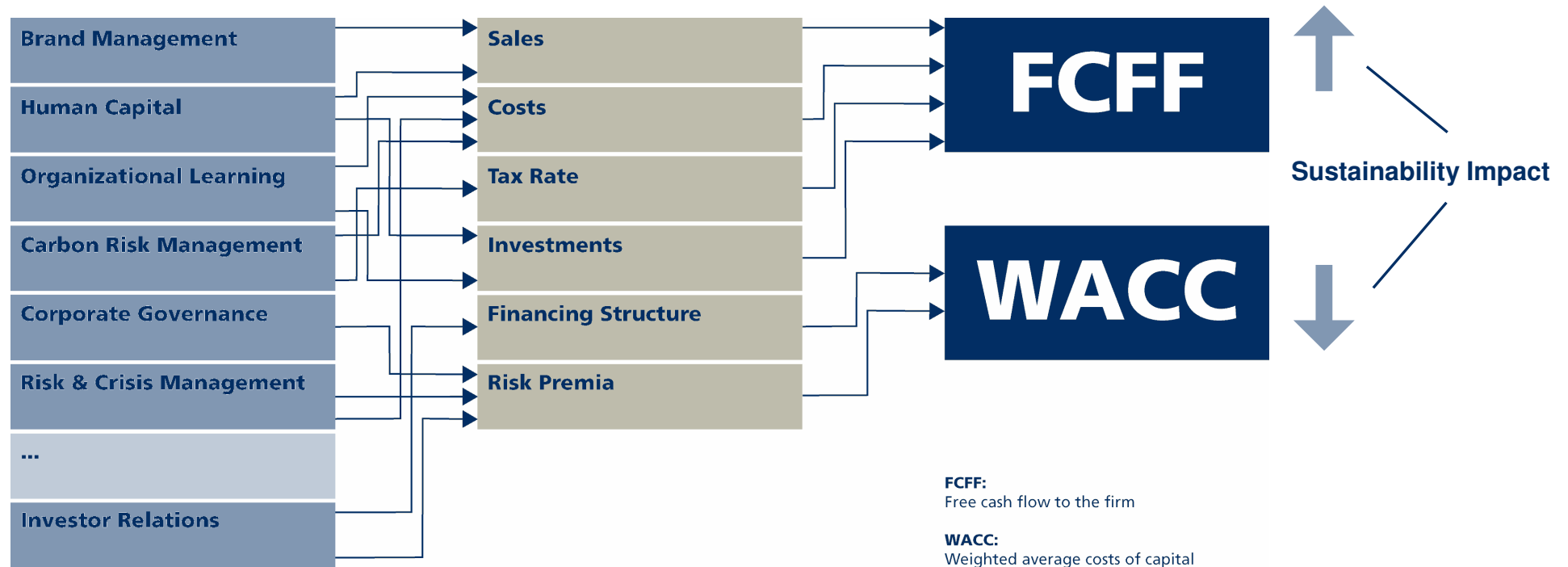
Sustainability and Shareholder Value

SAM explicitly considers sustainability criteria in the valuation methodology

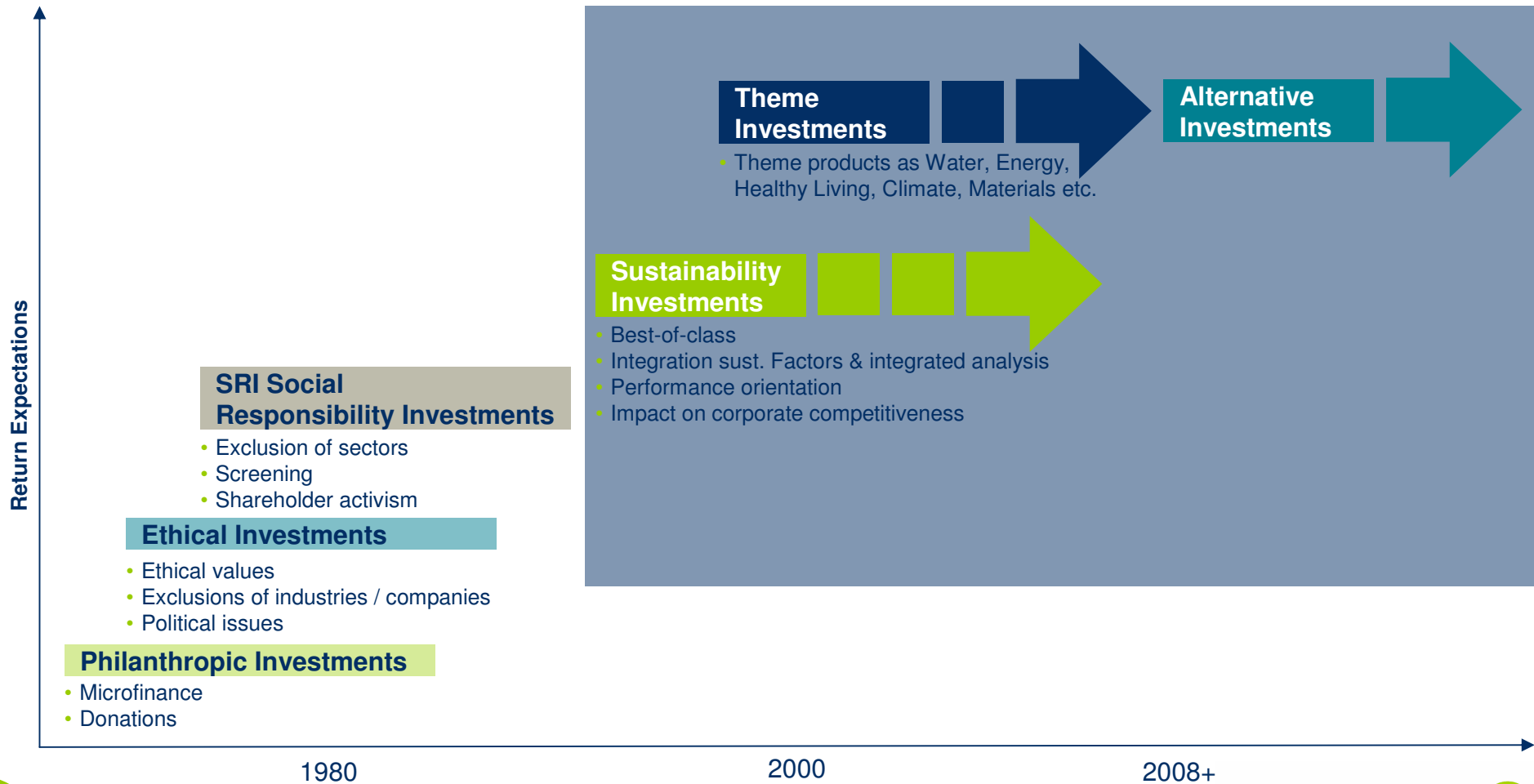


Integration in the financial analysis

Sustainability influences Shareholder Value



Evolution of Sustainability Investing



What does this mean for companies ...

- Strong growth in sustainable investments
- Economic considerations affecting intangibles are becoming more important
- Financial effects still largely unknown
- Investment risks for various asset classes are increasing
- High growth potential for companies

"The topic of sustainability will engage us over the coming decades"

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