

Sustainable

SAM **Sustainable Asset Management**

Valuing and promoting sustainable business - An investor prospective

SAM

Sustainable
Asset Management

Seefeldstrasse 215

8008 Zürich

Tel. +41 1 397 10 10

Fax +41 1 397 10 80

info@sam-group.com

www.sam-group.com

Edoardo Gai

São Paulo, June 21, 2006



Our Company

Independent Asset Manager (1995):

**HQ: Zürich, Rep: Mailand, Milan, Stockholm
Montreal, San Francisco, Melbourne**

International Client Base:

**Banks, insurance companies, pension funds,
foundations, private clients**

Strong Growth of Assets under Management

CAGR since YE 2002: 45%, to approx EUR 2 bn (CHF 3 bn)

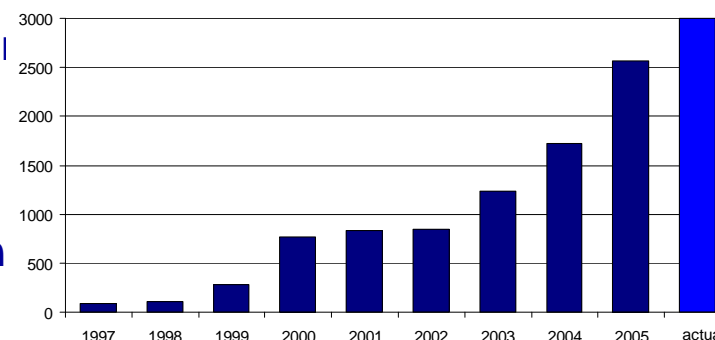
Global Leader in Sustainable Investing for 3rd party Institutionals:

- **Global & European Equities**
- **Theme Equity Investments**
- **White Label Co-operations**

Largest Private Equity Investor Globally in the Field of “CleanTech”:

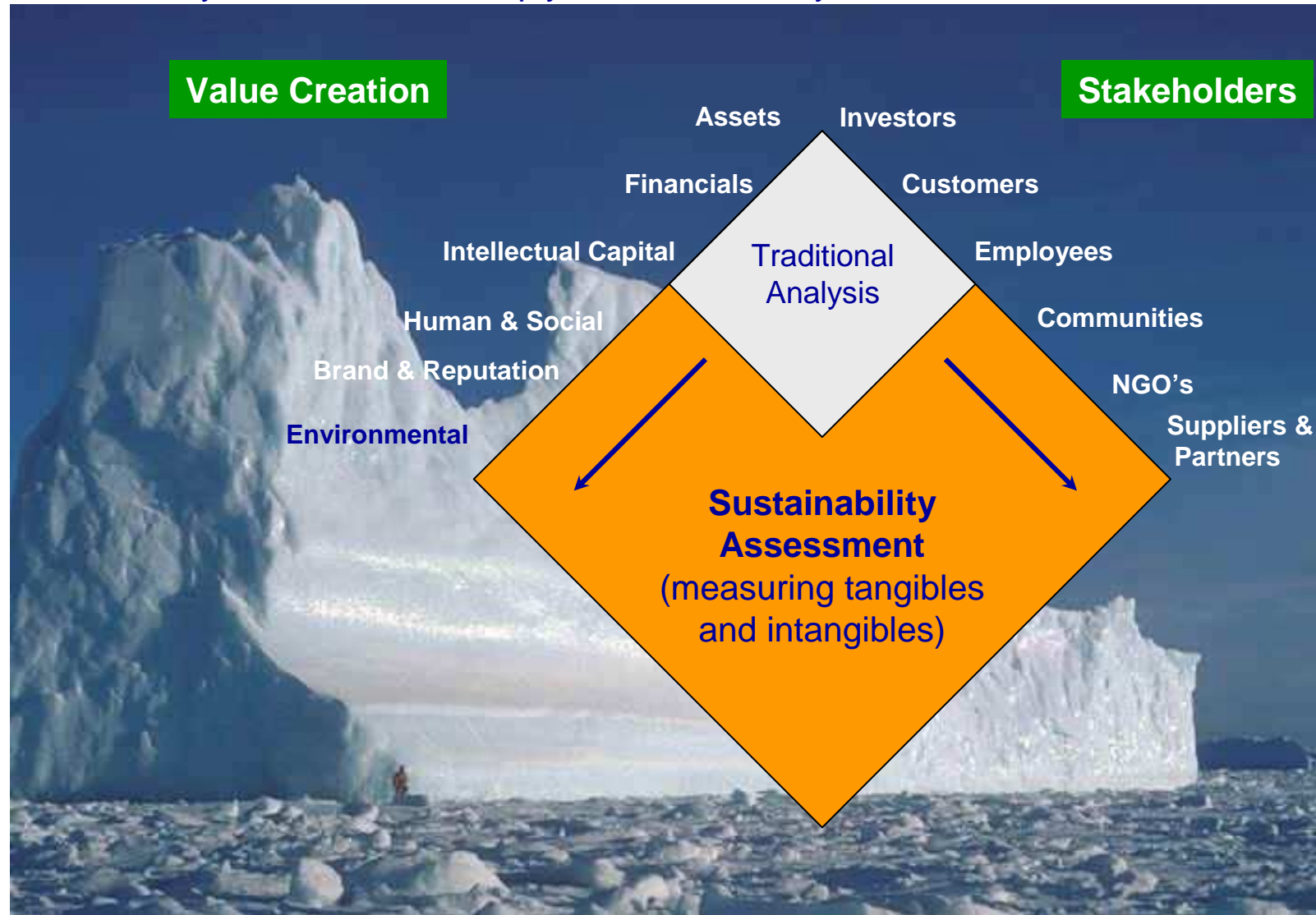
Energy, water, resource efficiency

AUM 1997 – March 06



Value Creation by Sustainability

Sustainability Assessment is simply “enhanced analytics”



From ethical to sustainability investments ...

Mercer survey finds that the majority of investment managers worldwide expect SRI practices will become a common component of mainstream investment processes within 10 years.

Mercer Press Release – 7 April 2005

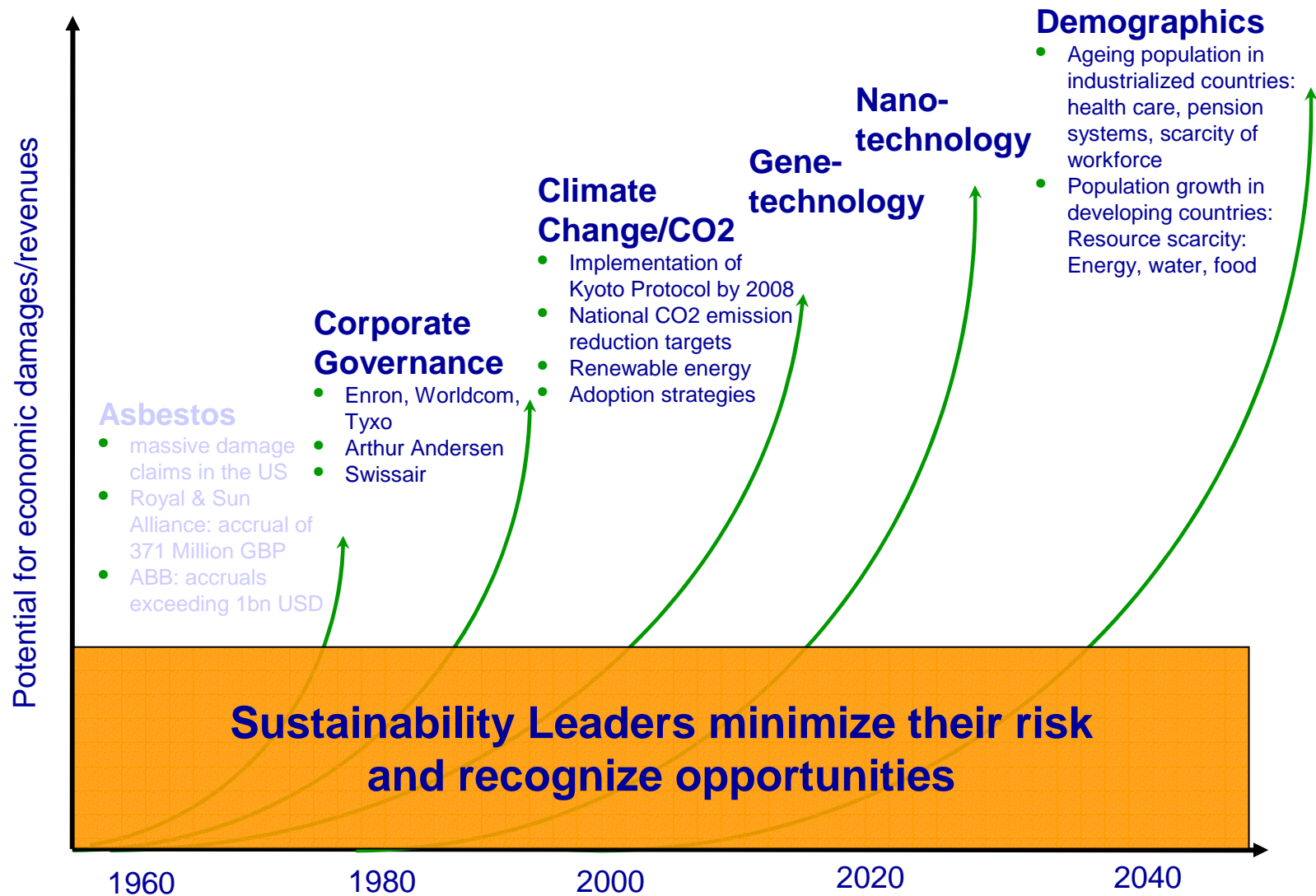
Ethical Investments

- Boycotts and ethical motivation
- Exclusion of industry groups
- Focus on a narrow selection of social and environmental criteria

Sustainability Investments

- Adding shareholder value
- Future-driven
- Best of class and industry-specific
- Integrating economic, environmental and social criteria

Early Identification of Business Risks



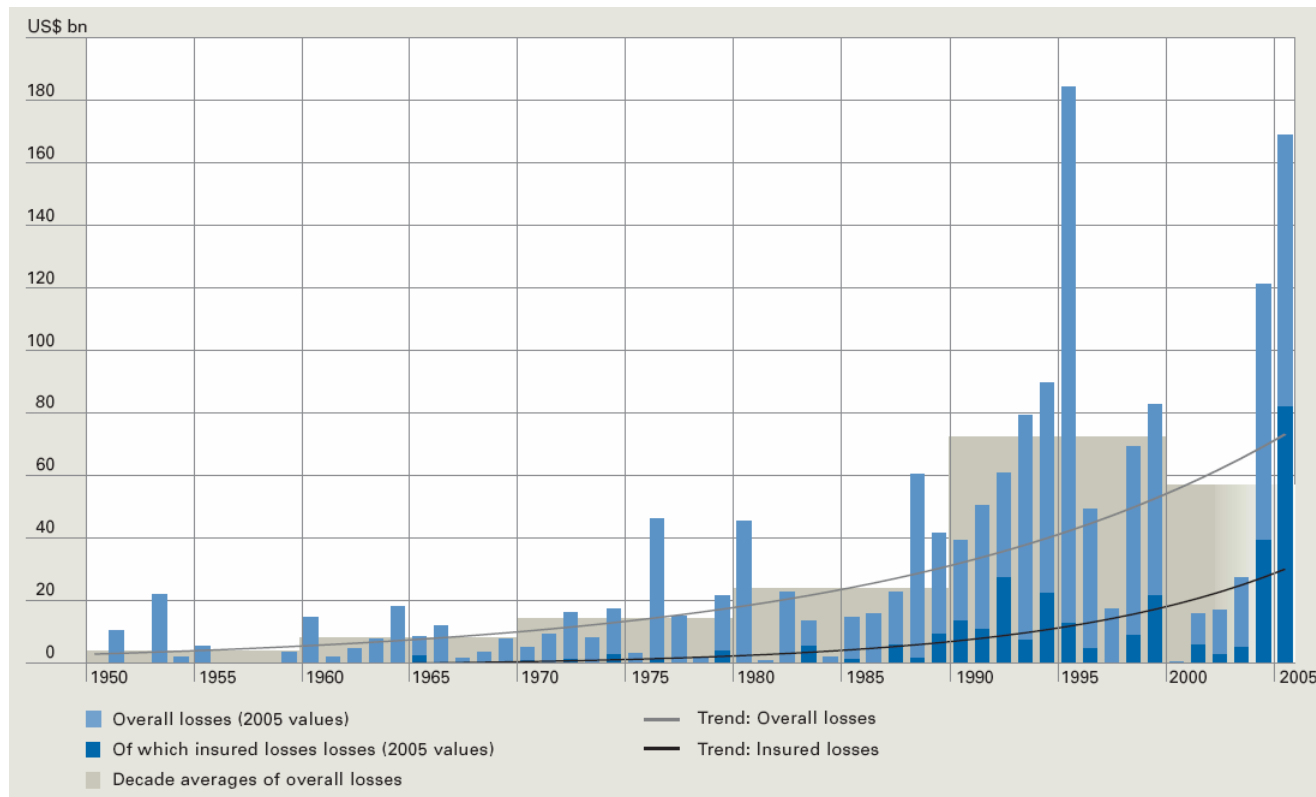
Climate Change

CDP Project Revealed That Only 35-40% of Companies Taking Actions

CARBON DISCLOSURE PROJECT

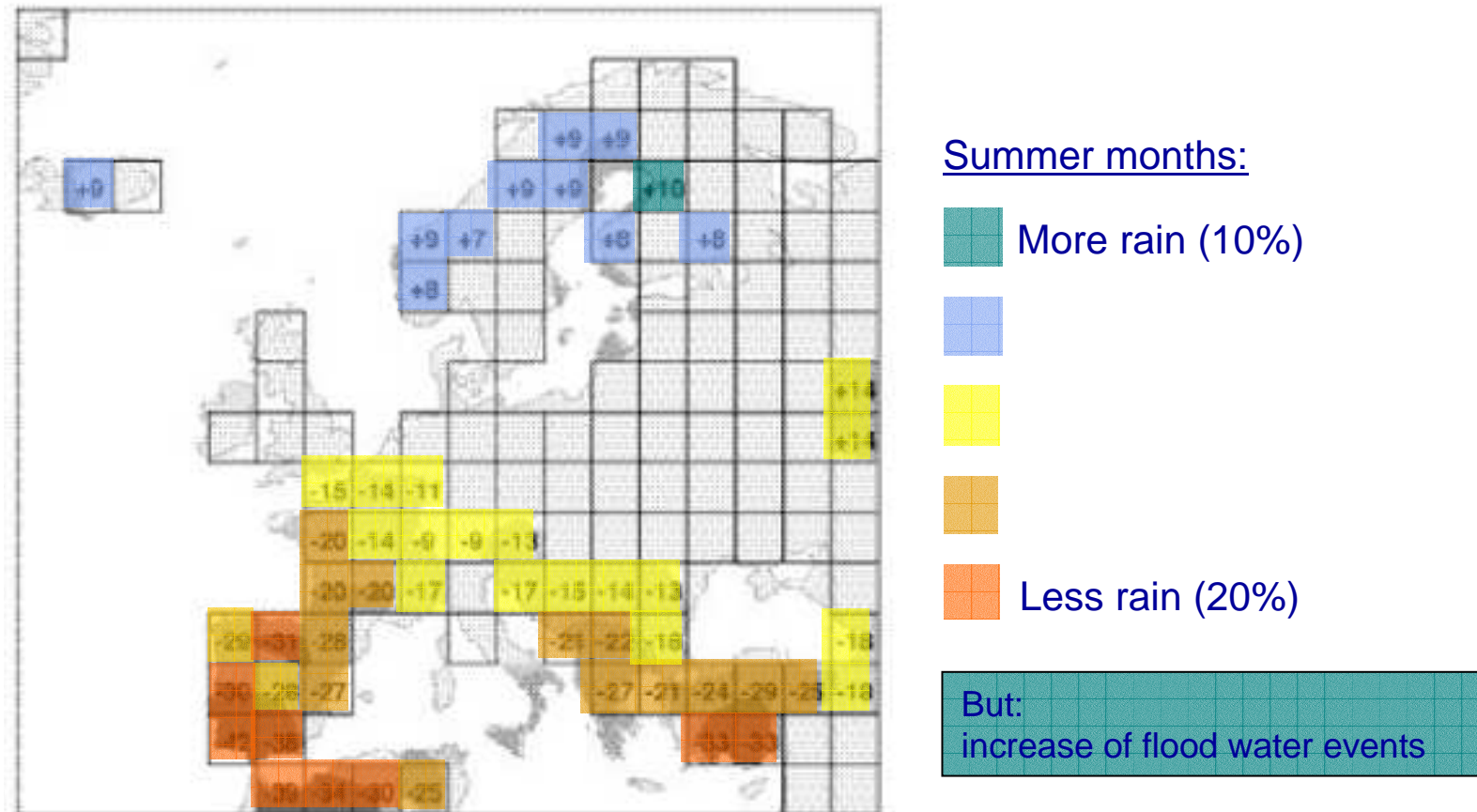
CDP3: "The 155 Signatories to the Carbon Disclosure Project's third information request (CDP3) represent over \$21 trillion in assets, a doubling from CDP2 (95 investors with \$10 trillion in 2004) and quadruple that of CDP1 (35 investors with \$4.5 trillion in 2003)..."

The CDP3 study found climate change and shareholder interest are becoming more closely intertwined. 89% of companies responded to CDP3.



Source: Munich Re, Topics Geo 2005

Expected Change of Average Summer Rainfalls (until 2050 compared to 1961 – 1990)



Source: European Environment Agency, 2004; IPCC 2001. BUWAL 2004.

Water Headlines

Water events accumulate and have economic consequences

Too little



Switzerland 2003:

- CHF 500m less crop yield

Spain 2005:

- EUR 6m receivables from Portugal

Too much



Switzerland 2005:

- CHF 1.3bn estimated losses

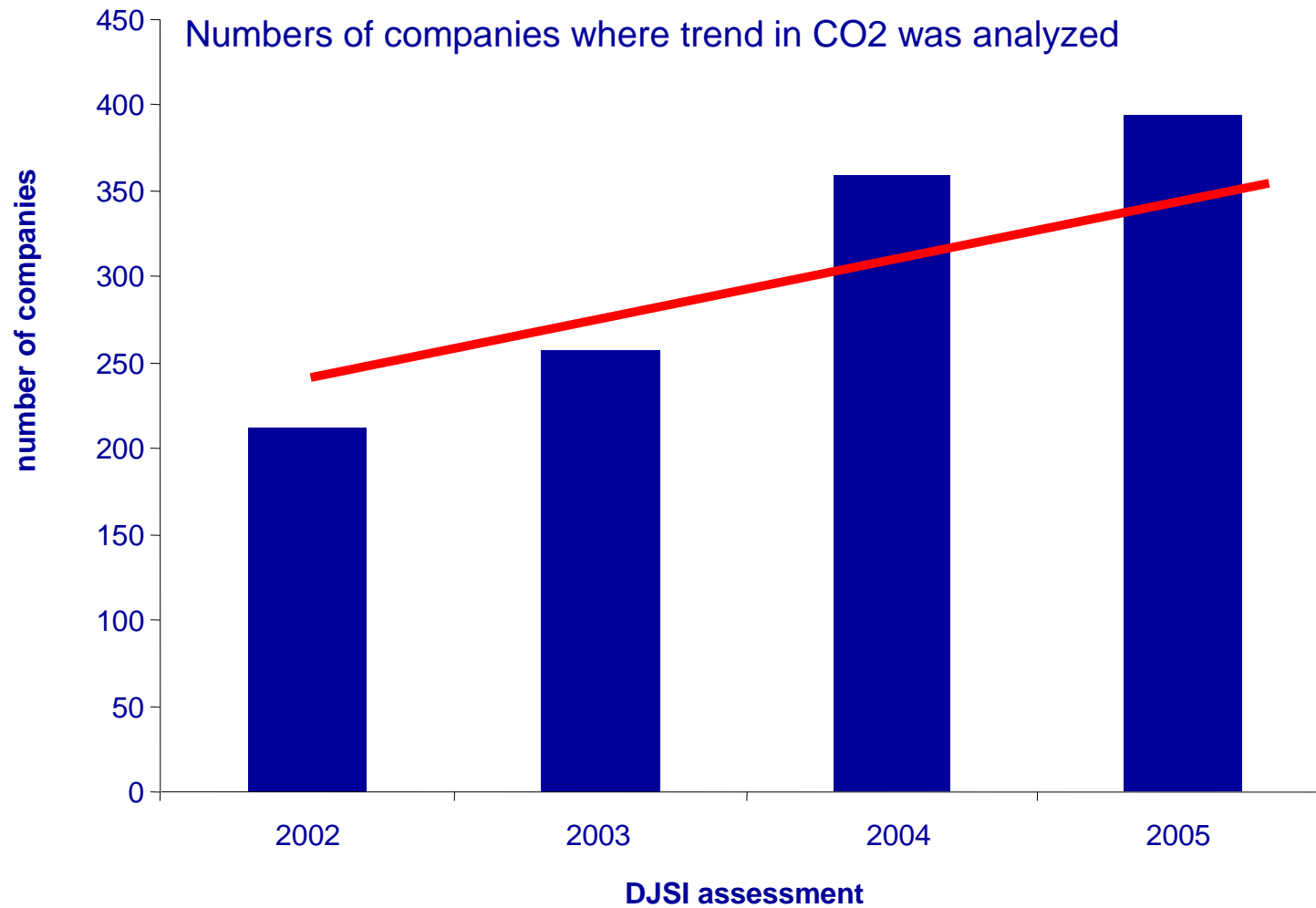
Mexico/USA 2005:

- Economic losses, human tragedies

Source: Swiss Farmers Union, Media, Swiss Underwriting Association

Disclosure of CO₂ Data – Observed Trends

Disclosed Data in Annual DJSI Assessment

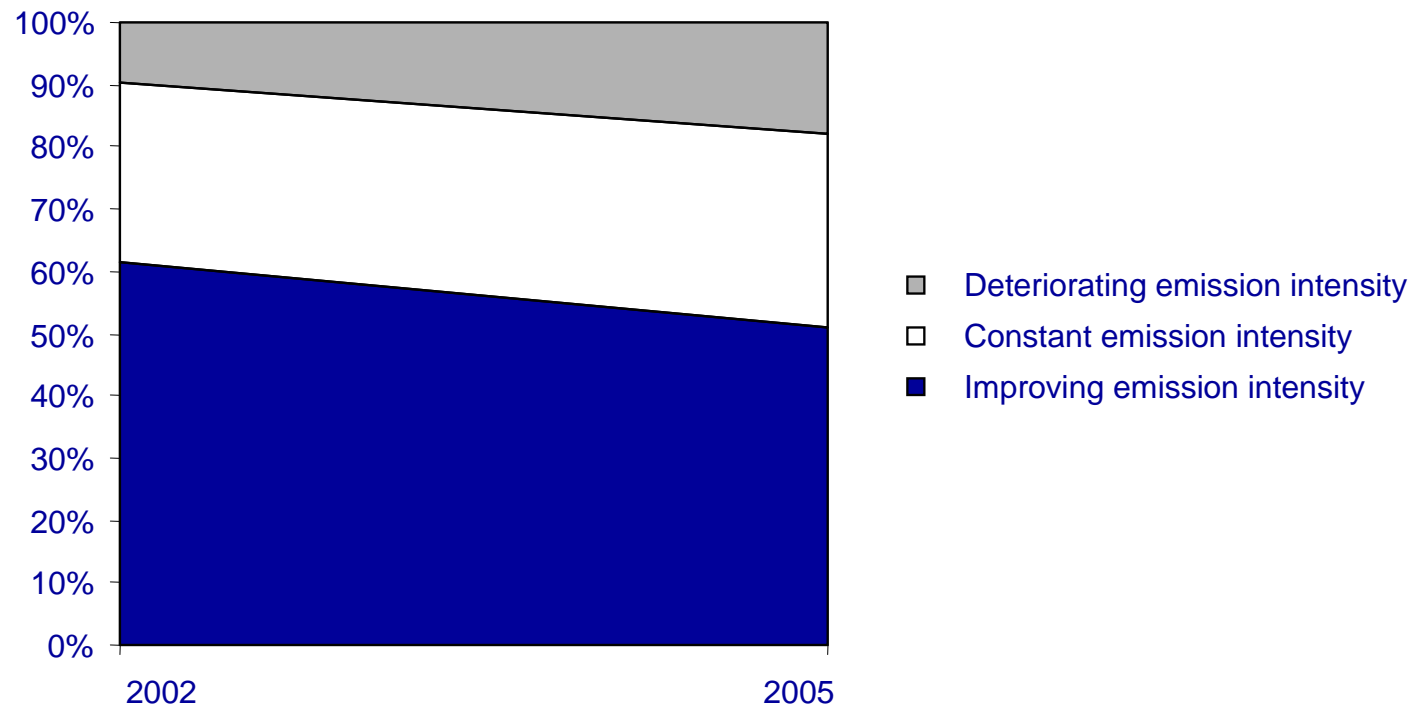


Source: SAM

Disclosure of CO₂ Data – Observed Trends (cont.)

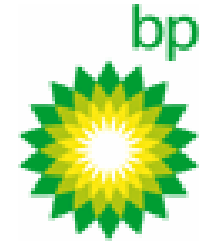
Disclosed Carbon Data in Annual DJSI Assessment

Percentage of companies with trends in CO₂ emission Intensity



Source: SAM

How does the Industry react?



Lord John Brown, CEO BP



**Demand increase,
higher prices (higher costs)**

Increasing temperatures (“hotter seas”)

**Energy consumption causes global
warming**

“There is a limit”

We shall:

*“...conserve **energy**”*

*“...reduce **CO₂ emissions**”*

*“...**open up and develop** new energy sources”*

Source: Interview Lord Brown, September 2005

How does the Economy react?

Address <http://www.gs.com/> Go Links

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Goldman Sachs

FROM OUR PRINCIPLES: Our clients' interests always come first.

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The World Cup and Economics 2006

Information Focus:

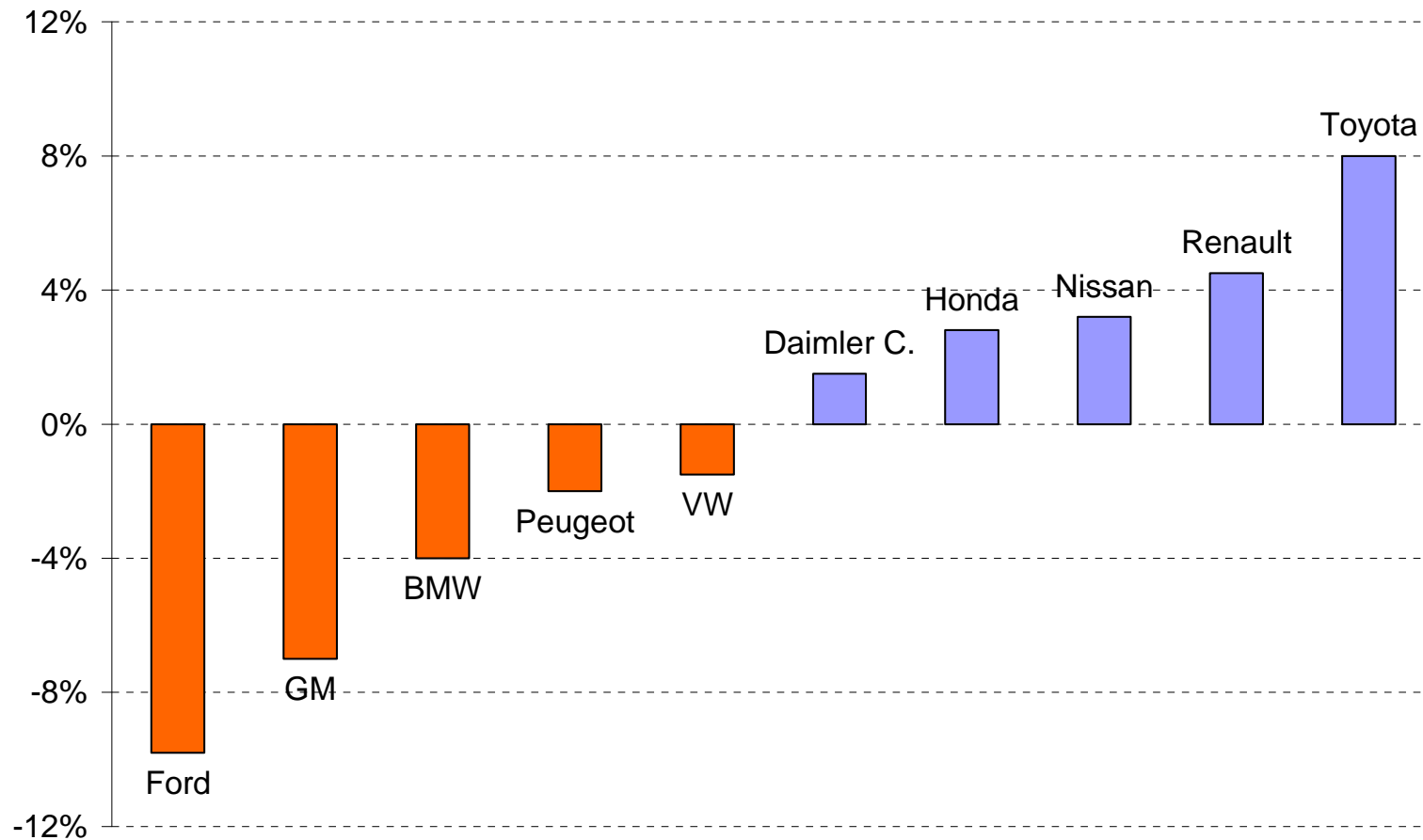
- >> Annual Report
- >> **Environmental Policy**
- >> FT Goldman Sachs Book Award Winner Announced
- >> Alumni Web Site
- >> Our Story
- >> Community Capital Group
- >> Global Markets Institute
- >> Latest GS Research Reports

Features:

- >> Rebroadcast of the Goldman Sachs Conference Call to Announce Second Quarter 2006 Results 13 Jun 2006
- >> Goldman Sachs Reports Second Quarter Results; Net Revenues Exceed \$10 Billion for the Second Consecutive Quarter, Driving a Record First Half for 2006 13 Jun 2006
- >> Board of Directors of Goldman Sachs Announces Its Intention to Elect Lloyd Blankfein as Its

Automotive Manufacturers and Climate Change

Impact of increased CO₂ measures on profits (EBIT)

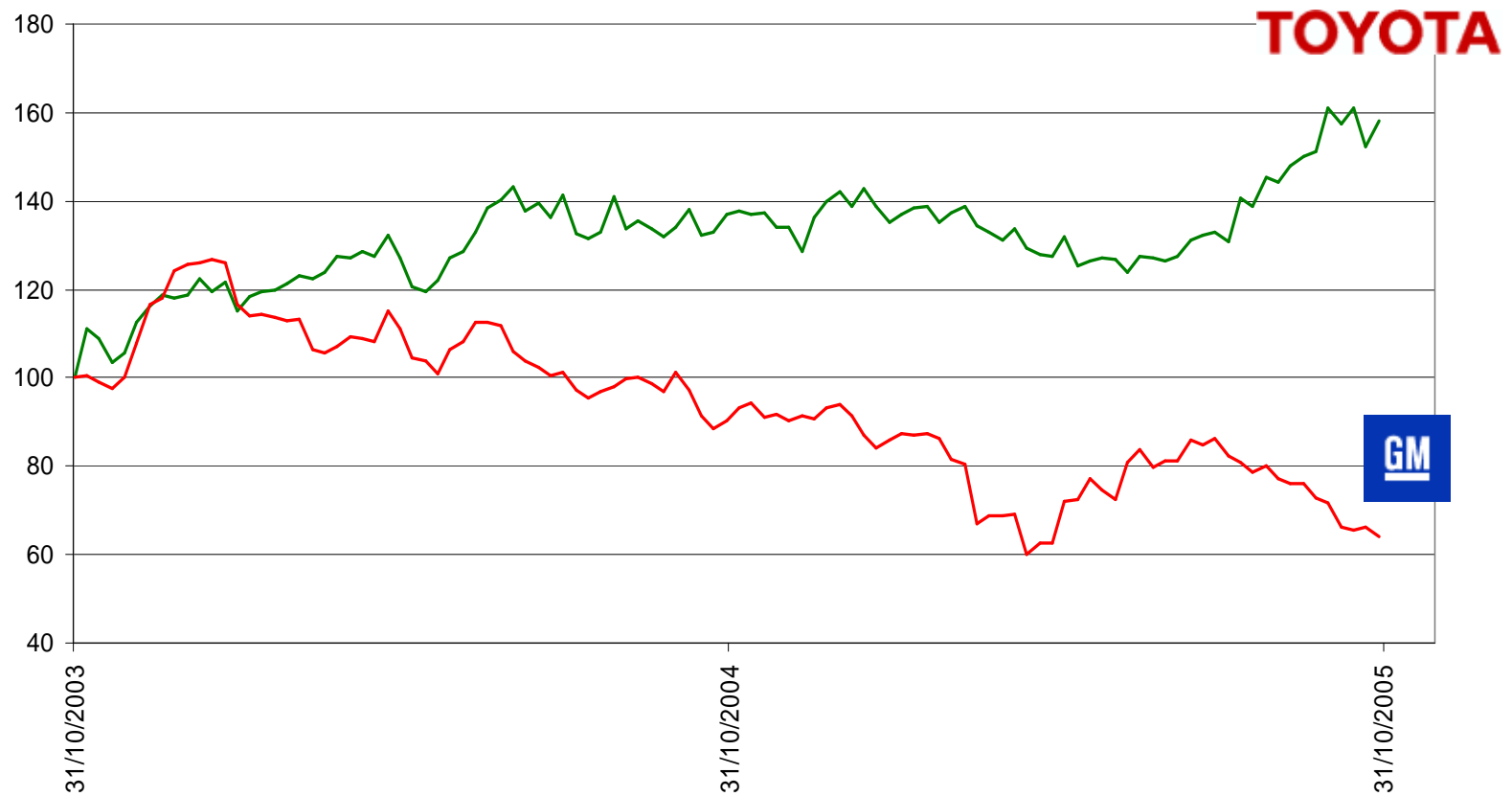


Source:

SAM Research, Changing Drivers Study, October 2003

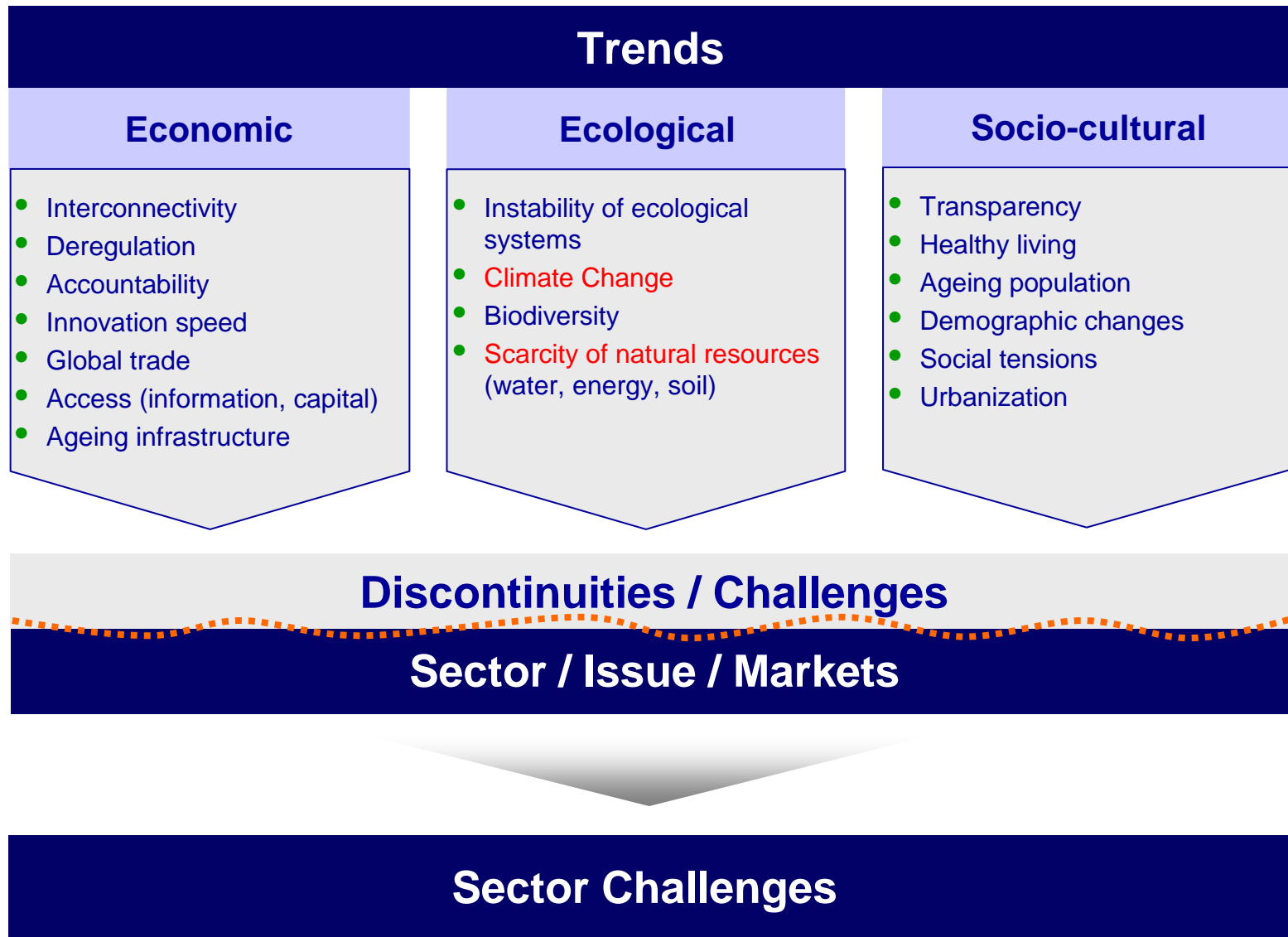
Share price development of Toyota and GM

October 2003 – October 2005 (indexed)



Source:
Bloomberg

Trends Cause Discontinuities and Challenges



Trends Lead to Sustainability Challenges and Criteria

Trend

Innovation Speed
Deregulation



Challenge

Capitalizing on new issues
Alignment financial products



Criteria

Human Capital Development
Business Opportunities



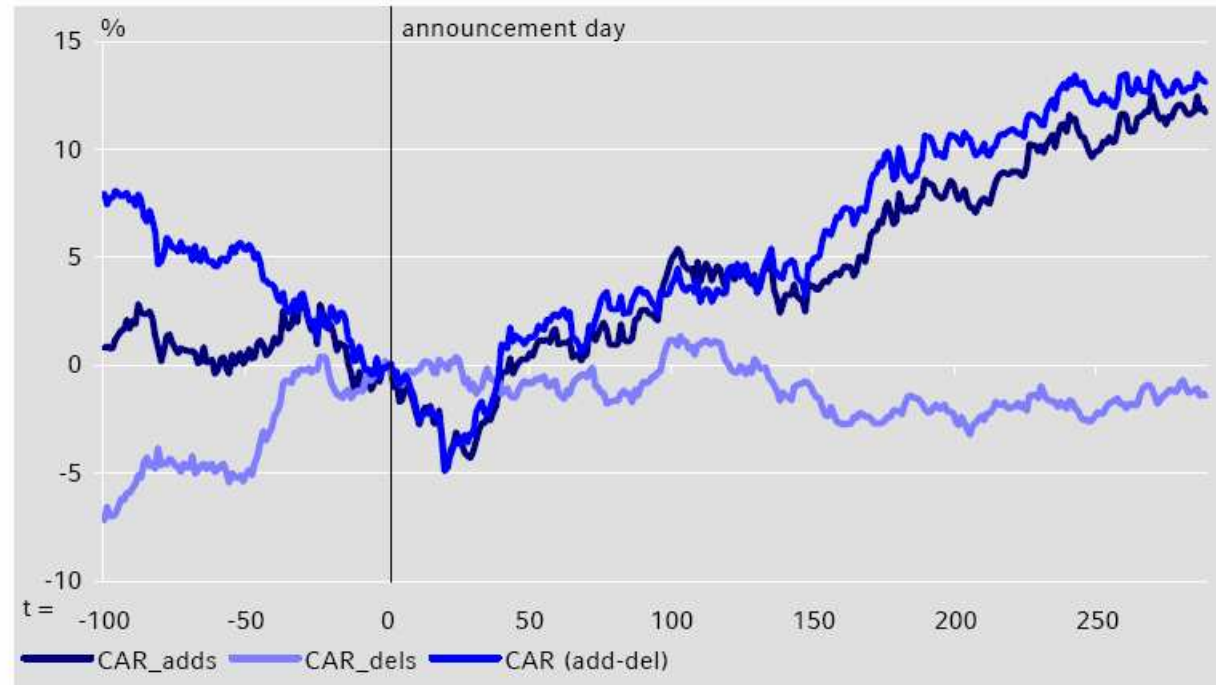
Link to financial performance

Revenues, costs

Market Developments

A look at the performance of DJSI additions and deletions

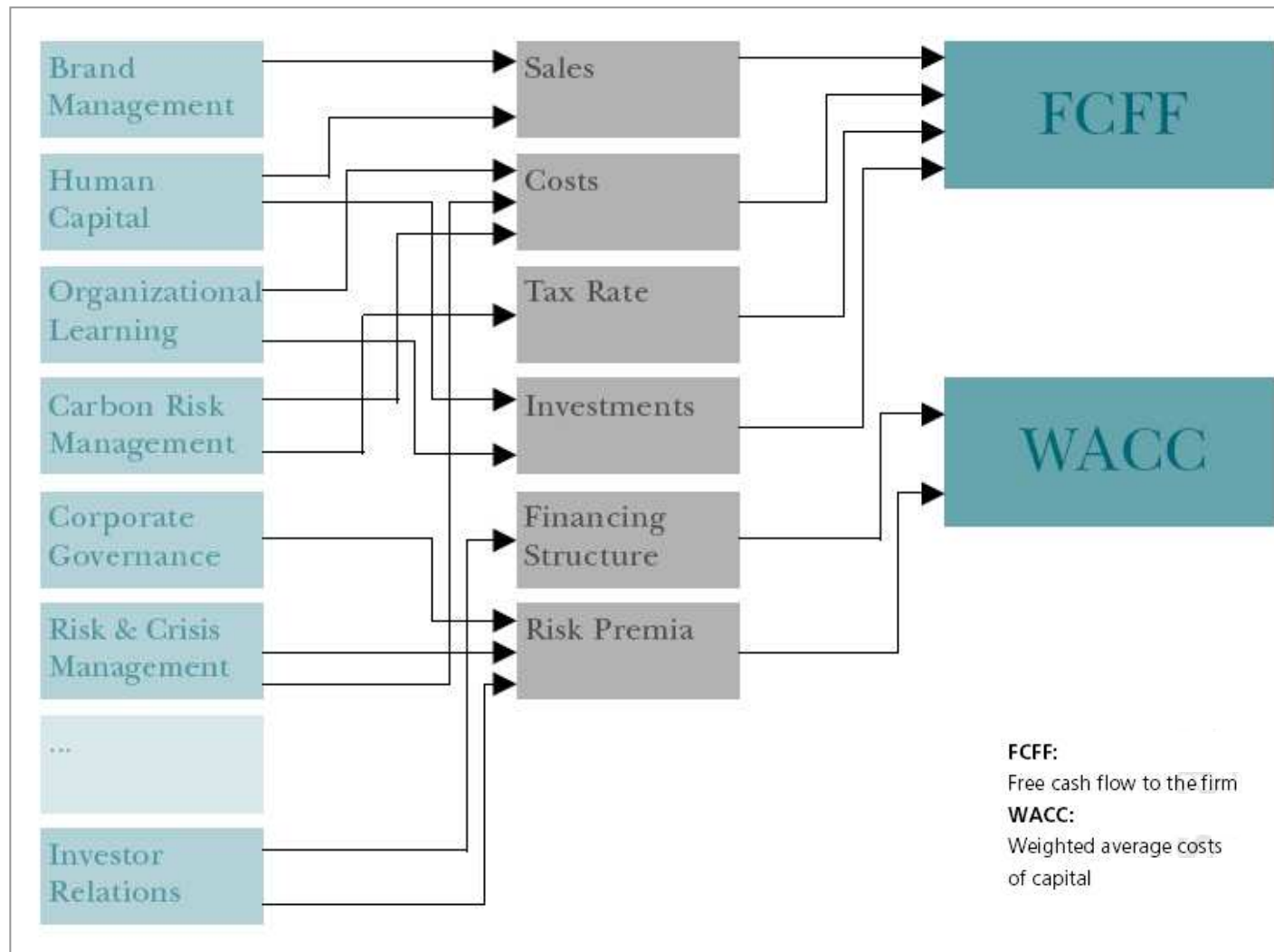
Announcement day - abnormal performance return during the event period



in %	-90 d	-60 d	-30 d	+30 d	+60 d	+90 d	+180 d	+270 d
Additions	2.07	0.66	1.30	-3.93	1.05	2.65	8.07	12.08
Deletions	-5.67	-4.72	-2.34	-0.66	-1.12	-0.60	-1.95	-1.24
"Hedge" portfolio	7.75	5.37	3.64	-3.27	2.17	3.26	10.02	13.32

Source WestLB Research, JCF

Linking Intangibles and Shareholder Value

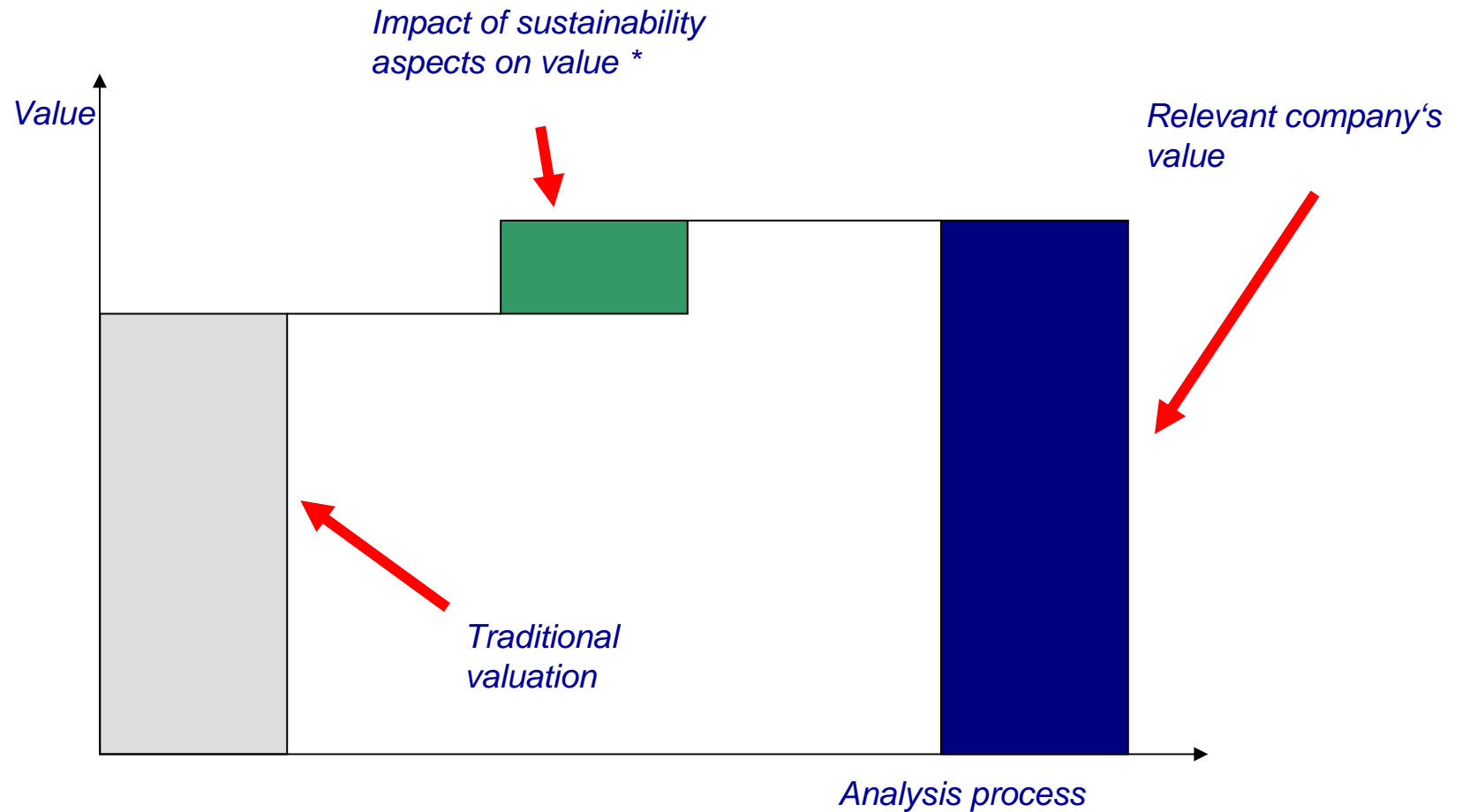


Source: SAM Sustainability Yearbook 2005

http://www.sam-group.com/html/research/output/studies/sam_sustainability_yearbook.cfm

Sustainability Criteria as long term value drivers

SAM explicitly considers the Sustainability criteria in the valuation methodology



**can be negative*

© SAM Research AG

Presentation for Ethos Conference 21.06.2006

Market Developments

Brokerage Research

EQUITY RESEARCH

13 September 2005

Inside SRI

Pan European Equity

SRI Strategy

DJSI reshuffling – does it add value?

We detect significant differences between SAM's and our own sustainability

WestLB

Equity Markets

Additional sensitivity for Oils sector

Western Europe

Sustainable Impact

an-Euro oils sustainability issues

ING FINANCIAL MARKETS

Jason Kenney
Edinburgh (+44131) 527 3024
jason.kenney@uk.ing.com

Angus McPhail
Edinburgh (+44131) 527 3029
Angus.mcphail@uk.ing.com

Javier Valverde
Madrid (+34 91) 789 0030
Javier.valverde@spain.ing.com

Ruben Smit
Amsterdam (+3120) 563 9061
ruben.smit@mail.ing.nl

citigroup
Smith Barney

See page 58 for Analyst Certification and Important

Industry Report

EQUITY
RESEARCH:
EUROPE

Socially Responsible Investment

1 July 2005

Mike Tyrrell*
+44-20-7966-3955
mike.tyrrell@citigroup.com
London

Crossing the River...

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DrKW Equity research

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Europe | Equity

2 Sep 2005 10:14

London Myles Packman +44 20 7475 5552
London Nick Seaward +44 20 7475 5002
SRI Team SRIN@drkw.com

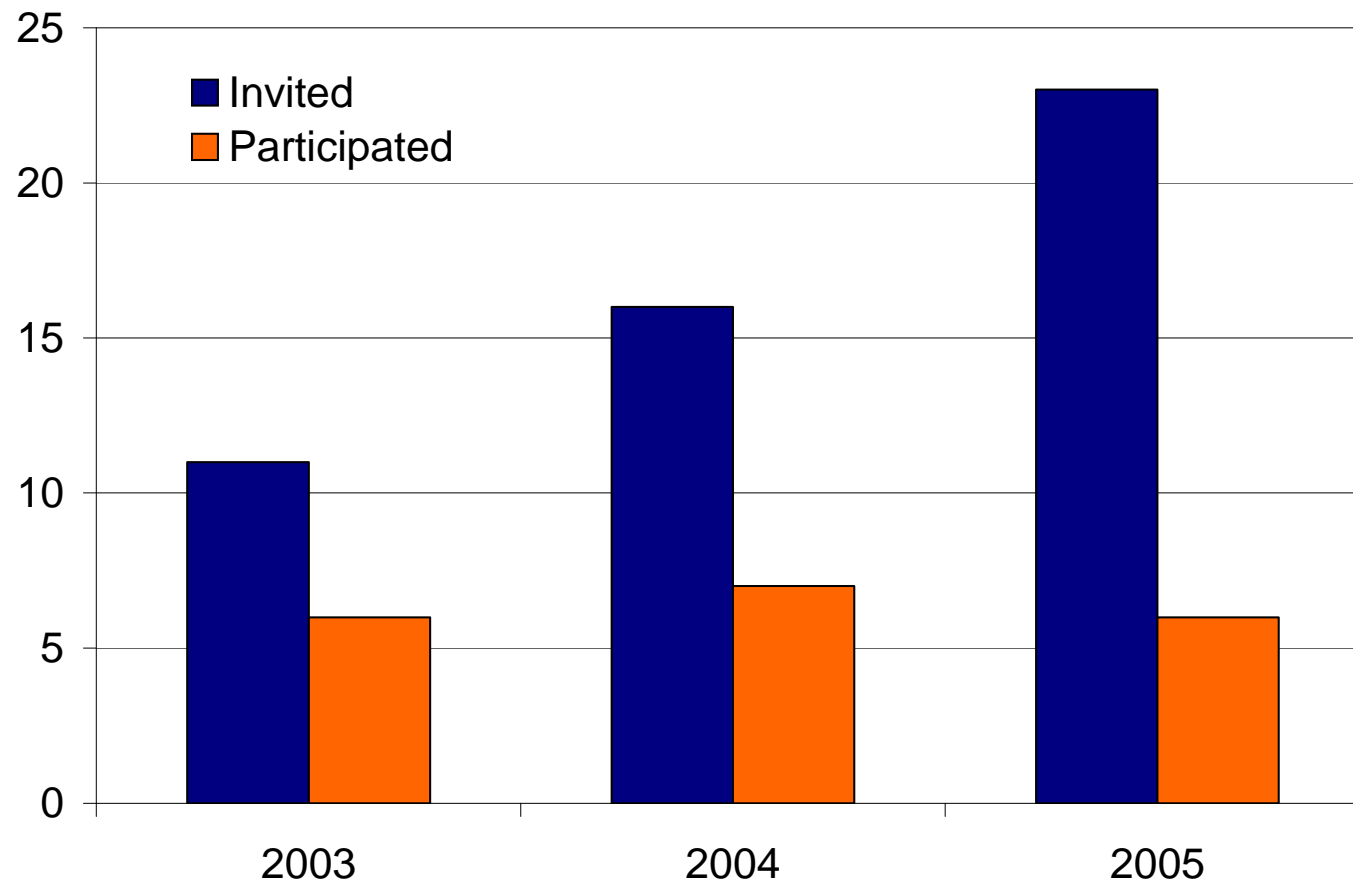
Socially Responsible Investment News

Contents

1. News from the wires

DJSI World – Brazilian Companies (I)

Number of invited and particip. companies for the Reviews 2003-2005



DJSI World – Brazilian Companies (II)

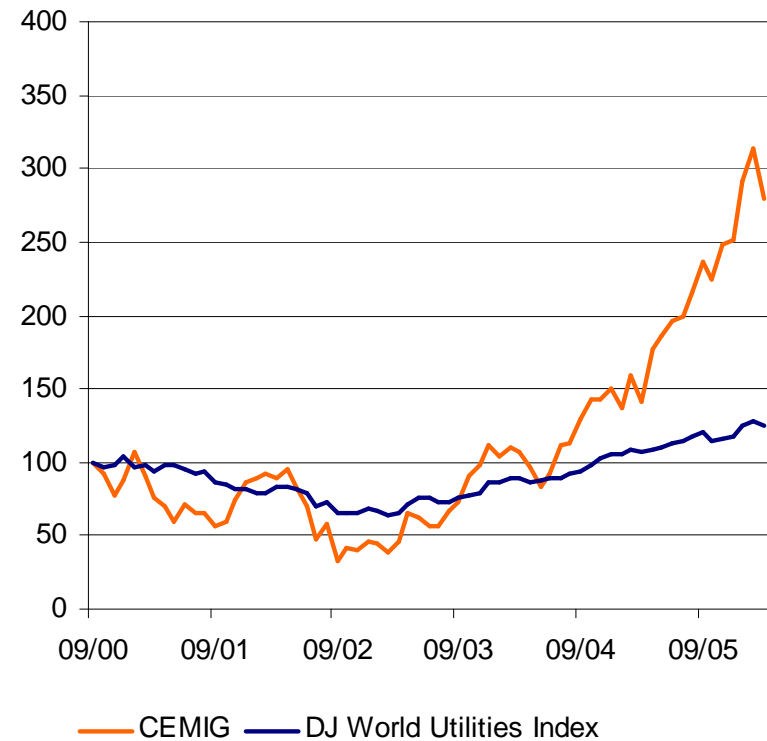
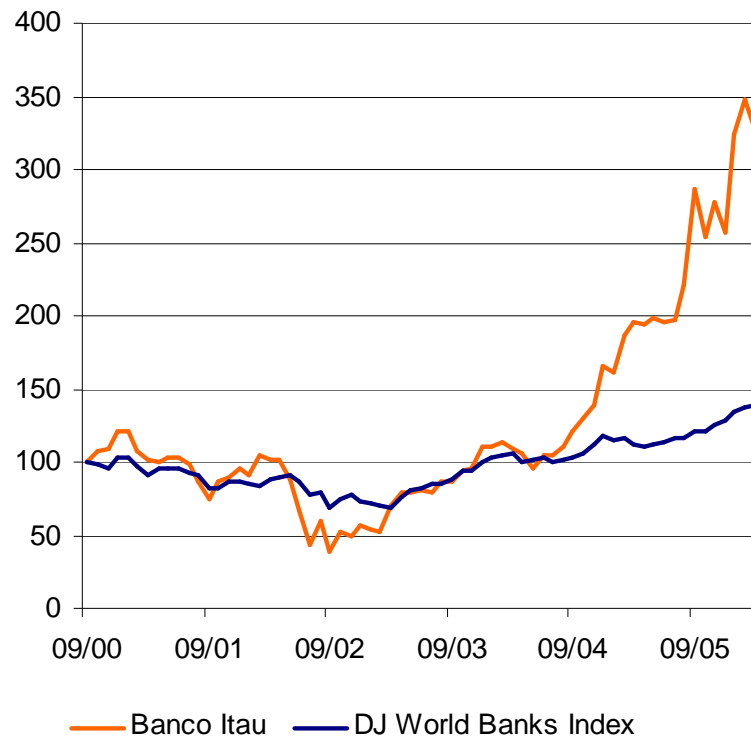
DJSI Members since launch



	99/00	00/01	01/02	02/03	03/04	04/05	05/06
Embraer-Empresa Brasileiras de Aeronautica			YES	YES	YES		
Banco Itau Holding Financiera		YES	YES	YES	YES	YES	YES
Companhia Energetica de Minas Gerais (CEMIG)		YES	YES	YES	YES	YES	YES
Itausa-Investimentos Itau					YES	YES	
Aracruz Celulose							YES
Unibanco-Uniao de Bancos Brasileiros			YES	YES			

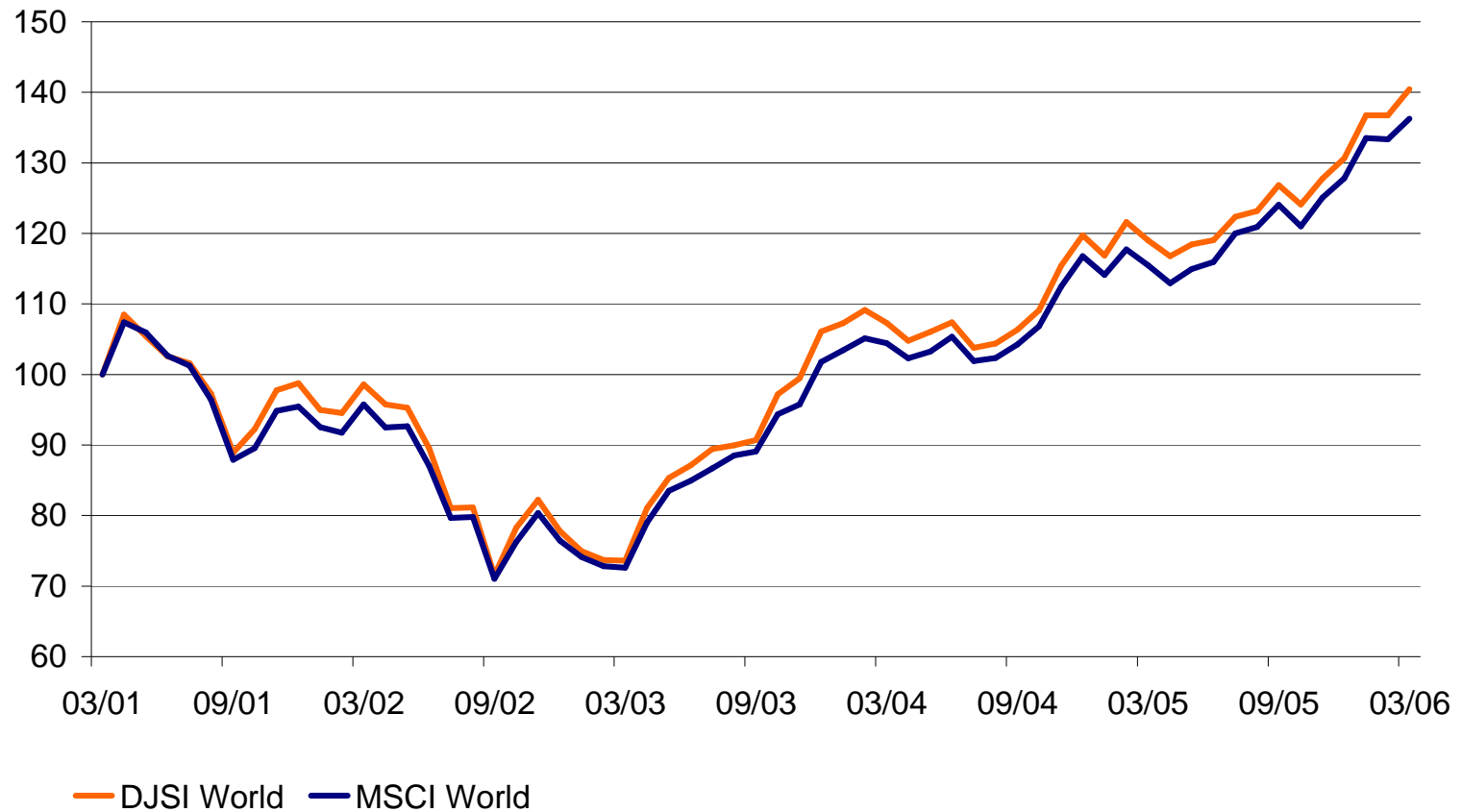
DJSI World – Brazilian Companies (III)

Performance of earliest Brazilian DJSI members



DJSI World – Performance

03/01 - 03/06, USD, Total Return Index



Investing is changing

Recent scandals; economic, environmental and social trends are shaping market opportunities and risks

Companies MUST

- **Address these challenges?**
- **Minimize the risks?**
- **Harvesting the opportunities?**



is Carbon Neutral®

Mr. Edoardo Gai

+41-44-397 1040

edoardo@sam-group.com

www.sam-group.com

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