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SAM Sustainable Asset Management
Newsletter

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Dear readers

To begin on a positive note, cases such as Enron, World-Com or Tyco in the USA and ABB or Swissair in Switzerland have had at least one encouraging knock-on effect. Had it not been for these companies, corporate governance would have remained the special preserve of auditors, attorneys and a handful of shareholder representa-

Corporate governance is one of the crucial criteria when evaluating the investment quality of a company.

tives. The spectacular collapse of Enron and WorldCom and the colossal pension drawn by ABB chief Percy Barnevik are just a few examples of the many stories attracting broad public attention to the issue of corporate governance over the past few months. And this is definitely no bad thing when you consider that in Switzerland as well as in numerous other European countries and the USA the majority of employees have a stake in publicly held companies in the form of pension fund assets.

Another spin-off of the countless negative stories in the headlines over the past weeks and months is that corporate governance – i.e. the rules and procedures that en-

The shareholder bears the consequences of inadequate corporate governance.

sure a balance of power between a company's shareholders, management, directors and auditors – has not merely remained an abstract notion. But what has only recently been discovered by a wider public has for years been a key element of the sustainability assessments made by SAM. Corporate governance is one of the crucial criteria applied by our analysts when evaluating the investment

quality of a company. It is therefore no coincidence that the keynote topic of the first issue of "SAM insight" is corporate governance.

A solid corporate governance framework does not simply define a company's control mechanisms, its management remuneration policies and the delineation of authority between directors and executives. More importantly, it lends companies transparency and is instrumental in engendering trust among shareholders and other increasingly significant stakeholders such as clients, employees and business partners. This is essential above all for public corporations in the spotlight, whose market value is taken as the most evident yardstick of entrepreneurial success.

Who should be responsible within a company for monitoring the enforcement of effective corporate governance rules? Can the manager of a pension fund take on this task, or should it be delegated to the fund's board of trustees? Does the state need to introduce more stringent legislation to create a framework for better standards of corporate governance? Or should the holders of the proxies assume this function when acting on behalf of custody account clients whose votes they have been appointed to represent?

The question of who exactly should be tasked to oversee corporate governance is likely to remain unanswered for a while – and the same will doubtless be true of Switzerland. But the question of who bears the consequences of inadequate corporate governance poses less of a problem: the shareholder. It is thus in the shareholder's own interest to lobby "his" company for an efficient corporate governance structure.

With the entire corporate governance debate still apparently very much in its infancy, now is an ideal time for the in depth coverage we give the topic in the first issue of the SAM newsletter. In particular, I would like to draw your attention to the article by Peter Forstmoser, Chairman of the Board of Directors of Swiss Re, and the interview with Dale Hanson, former CEO of CalPERS, one of the largest and most influential pension funds in the USA. Both features present a succinct view of corporate governance and a valuable insight into the activities of the two men. I wish you a fascinating read.

Reto Ringger
CEO
SAM Sustainable
Asset Management



Corporate gover- nance: foundation of sustainable value creation

SAM has integrated corporate governance criteria into sustainable corporate analysis since it was founded in 1995. These criteria are becoming more and more important in the assessment of sustainable added value.

Corporate governance has been in the headlines for months, thanks to spectacular corporate bankruptcies and overgenerous compensation packages for management. At the same time, there is mounting public pressure for greater corporate transparency.

The subject touches on fundamental questions of corporate management and controlling and the way they

matter, analytical insight and opportunity to effectively defend their interests through the platforms available to them.

- Company directors who should represent the interests of the shareholders often face conflicts of interest on account of mutual interdependencies.
- For the same reason, and because they have no incentive to act as their



Alois Flatz
Head of SAM Research

agency for any management that is “not a disinterested party” to exploit asymmetries in information to its own advantage. Corporate governance is therefore an important regulator, necessary, but not sufficient, to guarantee a company’s long-term performance.

How is corporate governance defined?

At its most fundamental, corporate governance comprises the principles and regulations that any corporate organization needs to ensure efficiency, transparency and a clear division of responsibilities and to promote these attributes in the interests of the company (i.e. of the shareholders as owners). These principles and regulations refer to both the internal relationship between management, the board of directors and the auditors and the external relationship, i.e. the relationship between the company (in particular the board of directors) and the shareholders as well as other stakeholders. This external aspect of corporate government encompasses questions about the methods management and the directors use to weigh up and harmonize their own particular interests relative to those of the other stakeholders.

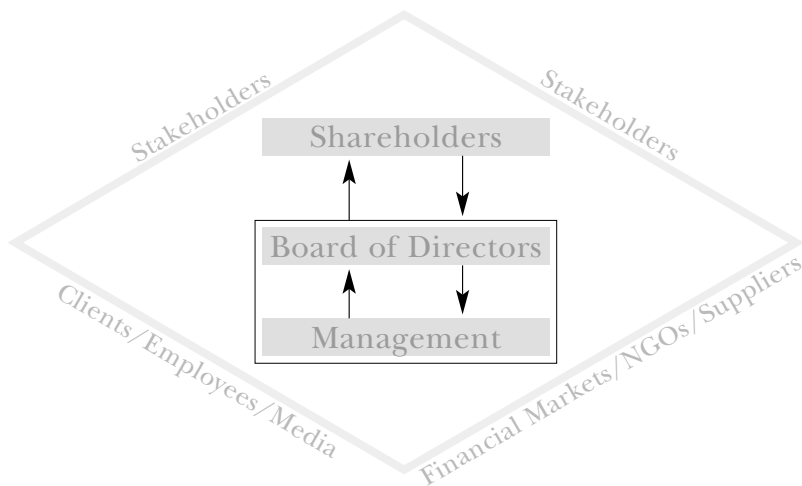
Company directors who should represent the interests of the shareholders often face conflicts of interest on account of mutual interdependencies.

affect the interests of different stakeholders. There are imminent structural reasons why this relationship requires special attention:

- Management and the board of directors have an information advantage over shareholders and other stakeholders.
- Management and sometimes the board of directors have a natural tendency to give themselves preferential treatment.
- Stakeholders – and in particular shareholders – often lack the infor-

investors’ agents, many asset managers, in particular banks, hardly ever exercise voting rights in proxy for a company’s shareholders or for shares held in safe custody, or they do so only in support of motions tabled by the board of directors. Moreover, the companies in which these shares are held may also be potential clients of other units of the same company (e.g. investment banking, lending operations).

In the absence of a clear ruling to regulate different interests, there is a ten-



Corporate Governance:

The principles and regulations of corporate governance relate not only to the internal relationship between management and the board of directors but also to the external relationship between the company and shareholders and other stakeholders.

Corporate governance and sustainability

Corporate sustainability signifies the creation of corporate value in the long term by exploiting opportunities and managing risk in a rapidly changing environment in which ecological, sociocultural and economic factors are continually in flux.

In a rapidly changing environment it is necessary to build up relations

From a pure shareholder to a stakeholder approach

Turning to content, the immediate concern of corporate governance is to develop and put in place ways of regulating the relationship between shareholders and the company. Once this is in place, companies of the future will increasingly need to focus on regulating relationships with other stakeholders, e.g. employees, government representatives, NGOs, etc.

Regardless of the option selected, it is necessary to develop clear corporate governance criteria for each investment strategy.

with stakeholders with a view to facilitating win-win situations wherever possible.

More and more, companies that maintain excellent relations with their stakeholders are desirable – sought after by customers, employees, the media and investors.

This broad approach will give increasing weight to ecological and social aspects and to networking them with the challenges facing management. By embedding themselves in their economic and social environment in this way, companies will reduce risk, both legal and to their reputations. It will also enable them to tap other resources outside the com-

pany that may be of strategic significance. Hence, the regulatory aspect of corporate governance is an integral part of corporate sustainability.

Relevance for investors

Basically, there are two ways in which investors can use corporate governance as a factor to influence their investments:

- The first is to treat corporate governance as an important investment criterion and invest accordingly in particularly exemplary companies. If companies fail to maintain standards, investors will, as a rule, sell.
- The second possibility is to invest in companies with poor corporate governance, with a view to becoming actively involved in increasing the company’s performance. Sometimes, investors’ influence will be negligible, but in other instances it may be very effective. In specific cases it may even lead to the desired turnaround.

In the case of private equity investments, on the other hand, the corporate governance strategy seeks primarily to provide management the support it needs to achieve the targets defined in its business plan (see Gina Domanig’s article).

Regardless of the option selected, it is necessary to develop clear corporate governance criteria for each investment strategy. These may be limited to the regulatory system, or may be formulated to integrate, say, ecological and social criteria into the corporate strategy.

Corporate governance in the SAM investment process

SAM has integrated corporate governance criteria into sustainable corporate analysis since it was founded in 1995. The criteria are developed in close cooperation with experts, among them Dale Hanson, who, as former CEO of CalPERS was a pioneer and leader in promoting good corporate governance practices in the US (see interview). In addition, SAM’s methodology draws on the most important laws, guidelines and codes of conduct in effect in different countries.¹⁾

¹⁾ These include, e.g., laws, guidelines and standards from the UK (Turnbull Report, Combined Code), USA (COSO, Blue Ribbon), Switzerland, Germany, France and the OECD.

SAM corporate governance criteria²⁾

Codes of conduct

- Corporate governance philosophy
- Applied corporate governance rules and regulations
- Sustainability as an item on the board agenda
- Responsibilities of the board of directors
- Committees for strategy, auditing and risk management, selection of board and executive management, compensation.

Structure

- Size of the board of directors
- Clear separation between management and the board of directors
- Independent chairman of the board of directors
- Diversity by nationality/gender

Transparency

- Publication of corporate governance regulations
- Publication of the compensation of board members and executive management
- Performance-related pay
- Auditor's statement
- Rules on insider trading
- Retention periods for shares and options

²⁾ The SAM criteria presented here refer to corporate governance in the narrow sense. For further criteria used in sustainability analysis, visit www.sam-group.com.

SAM's corporate interaction

SAM maintains very close contact with companies and exercises an indirect influence on individual companies through the evaluation and integration of corporate governance criteria. However, this is not limited to regulating and controlling power. Rather, its cornerstones are also "incentive" and "dialog":

- The SAM Corporate Sustainability Analysis™ and in particular the questionnaire, which has been used to evaluate a total of about 1000 companies, provide a map, as it were, of corporate sustainability.

Many companies use this questionnaire as a guide to implementing sustainability and to structuring their internal reporting on corporate sustainability.

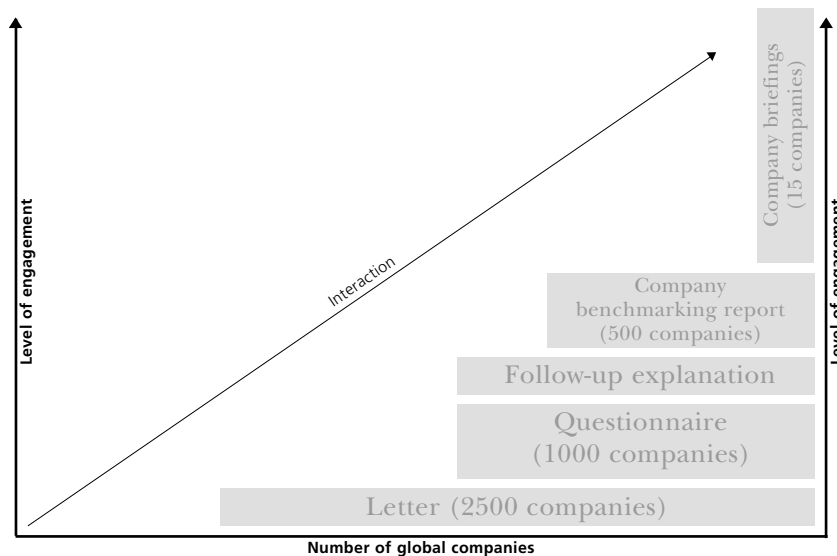
- All companies that actively provide information for analysis (500 in 2002) receive a detailed benchmarking report from SAM. Many of them use this report to identify strengths and weaknesses vis-à-vis competitors.
- The rapid growth in recognition of the family of Dow Jones Sustainability Indexes (DJSI)³⁾ has made membership of these indexes, especially where industry leadership is involved, an explicit goal of a growing number of companies (Shell, Pfizer, Suez. etc.). Moreover, the best-in-class approach promotes competition for membership of the DJSI and, consequently, is an incentive to continually improve performance.

³⁾ The family of Dow Jones Sustainability Indexes (DJSI) is a co-operation between SAM Sustainable Asset Management and Dow Jones. It uses sustainability criteria to measure the wealth creation of leading sustainability companies.

- In addition, for interested companies SAM presents detailed feedback from the analysis in one-day workshops.

Outlook

Cultural differences also shape the way in which companies put corporate governance into practice. For instance, institutional investors in Anglo-Saxon countries exercise far greater influence on corporate management than do their continental European peers. Given the rapidly growing significance of institutional investors and the growing trend to global investing, we may assume that corporate governance as a challenge and opportunity for both investors and companies is still in its infancy. For investors in particular, the topic has enormous untapped potential.



Factors influencing companies in the SAM analysis process based on extensive contact with the company and indirect stimuli resulting from the sustainability evaluation.

"It takes managers with an attitude!"

Dale Hanson was CEO of CalPERS, the second-largest pension fund in the world. Hanson successfully utilized the shares held by CalPERS in order to force large corporations towards more transparency and efficiency. CalPERS (California Public Employee's Retirement System) has substantially influenced the discussion about Corporate Governance in the US.

This interview originally appeared in the Swiss business magazine *Cash*. Author: **Fred David**

Cash: You are often referred to as "crusader of shareholder value". Have you accomplished your mission?

DALE HANSON: My keyword is corporate governance, not shareholder value...

Cash: Everybody talks about corporate governance nowadays. However, you made shareholder value a popular term on a world-wide basis. What

Cash: In 1987, you were appointed CEO of CalPERS (California Public Employees' Retirements System) and immediately antagonized top management of large corporations

D.H.: Antagonize is not quite correct. Initially, we were not liked since we started asking very precise questions. We also began organizing and coordinating shareholders' interests. By the late eighties, however, key words were junk bond financing, hasty take-overs, management buy-outs. Small corporations raided big ones. The

We at CalPERS are the biggest pension fund in the USA and one of the largest in the world. And yet, as a shareholder, we are treated as non-existent.

went wrong that everybody is calling for sharper controls of corporations nowadays?

D.H.: Shareholder interests have gained much priority during the last five years. That was important and necessary. Actually it was obvious: as long as markets perform, shareholders want to see profits. As long as the bottom line figures are okay, top management is basically free to do what it wants to do. However, in bearish markets, management actions and decisions are being scrutinized more thoroughly.

exaltation was enormous, questions were seldom asked.

Cash: How did you start?

D.H.: At CalPERS we stated: we are the biggest pension fund in the USA and one of the largest in the world. We have assets in excess of 80 bn USD and yet, as a shareholder, we are treated as non-existent. It was then we realized that the public did not know us. Also corporations did not know much about us. This, we had to change radically.

Cash: What did you do?



Dale Hanson was CEO of CalPERS, the second-largest pension fund in the world, from 1987 to 1994. Today he has his own consulting business and closely cooperates with SAM in the USA. As an expert he was involved in developing the Corporate Governance criteria in the SAM Corporate Sustainability Analysis.

D.H.: When General Motors was in trouble, I challenged Roger B. Smith, CEO of GM, with precise questions regarding his management style.

Cash: What was the answer?

D.H.: That we had better mind our own business. He gave this answer without having consulted with the board. And he had overrated himself. His own managers started forcing him to sit at the same table with us. It was also at that time that we started to cooperate with the media. We were gradually getting noticed and in 1992 had meetings with GM's

to the dance but they didn't want to take us home. It was a hefty back and forth, but they took us for serious and we won. We had Texaco concede to the fact that they had to confer with us with regard to the qualifications of directors and top managers. This is a very normal procedure today. Ten, twelve years ago this was a very unusual thing to do.

Cash: What is your personal definition of corporate governance?

D.H.: Checks and balances between the board of directors, management and shareholders. It's an equilateral

directors' audit committee appointed consultants who had also received mandates from management. That's when the alarm bells should have sounded. Independent judgment is impossible in such cases.

Cash: Can you not make friends with the term stakeholder value?

D.H.: This depends on the definition of the latter. It does not make sense if shareholder interests dominate all other interests, e.g. if assets are divested solely to satisfy shareholders. Take ABB's sale of rail carriage builders Adtranz: the proceeds were paid out to shareholders and not invested in the company. That's not protecting shareholders' interests in my view.

Cash: Do you see any ways to approach these problems?

D.H.: SAM for example has developed instruments in order not only to measure a company's short-term profits but also to assess the latter in terms of sustainable development. This enormously facilitates control and transparency for investors as well as for boards. In that respect SAM's assessment is one of the most innovative things I have ever seen worldwide.

Compensation has shown an increasing upside trend.

Now it takes managers with an attitude who say: shame on me, enough is enough!

top management. That was still highly unusual at that time.

Cash: However, the real breakthrough was achieved with Texaco, one of the largest corporations in the world.

D.H.: Yes, thanks to the raider Carl C. Icahn. He had tried to take over the power at Texaco. Texaco's CEO James Kinnear pleaded for our support in the final voting at the general assembly. We wanted to have a direct influence on the board of directors. We asked for personal meetings with each director in order to be able to ask precise questions with respect to management details on a face-to-face basis.

Cash: What was Texaco's reaction?

D.H.: Friendly, however, they tried to delay the whole process. We did not quite come to a point. They took us

triangle. Corporate governance is the interplay of corporate power and its control.

Cash: In the meantime however it often is the case that two of the three dimensions get along too well with each other: the board and the management.

D.H.: This was also true in the past and has remained a deficiency until today. There must be a constructive distance as well as tension between the three dimensions. If this is not granted, then a far reaching control, which is inevitably painful, cannot be achieved.

Cash: Is that the reason for the Enron debacle in the USA?

D.H.: It's somewhat more complex than that. At Enron there was a dangerous degree of intermingling of executives and auditors. The board of

Cash: Is the unification of the capacities of CEO and chairman in one person, as practiced by Credit Suisse Group and Swiss pharma giant Novartis, an acceptable situation in these days?

D.H.: This combination of duties is not necessarily harmful. It might make sense to concentrate technical know-how and intimate knowledge of the company, which takes years to acquire, in top management and the chairman, as for me I do not mind if it is the very same person. Should the company run into difficulties a clear separation becomes essential. I have always paid attention to this fact in my previous occupation.

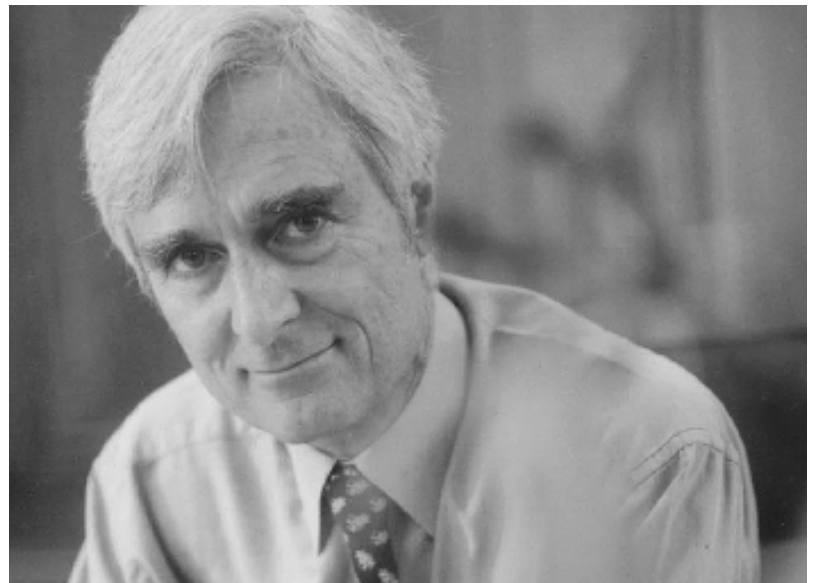
Cash: Do US shareholders know in detail what the compensation of CEO and board members is?

D.H.: Yes, we have pushed this through, however, we have seen lately that compensation has shown an increasing upside trend. Now it takes managers with an attitude who say: shame on me, enough is enough!

Swiss Re's exemplary practice of corporate governance constitutes an industry benchmark. This is yet another reason why the international reinsurer is a sustainability leader in its field.

In this article, Peter Forstmoser, Chairman of Swiss Re's Board of Directors, discusses developments in corporate governance in recent years and describes Swiss Re's practical response to these changes.

"New wine in old bottles?"



Peter Forstmoser
Chairman of the Board of
Directors of Swiss Re

A lot of what nowadays passes under the name of "corporate governance" is as old as the hills. Public companies have always had to think about their corporate structures. Corporate management has always drawn up organizational charts, issued regulations, and made use of instruments of control, e.g. banks and their inspectorates. Similarly, there have been intense discussions about shareholder relations ever since there have been shareholders. Listed companies, for instance, have been censured for shortcomings in shareholder democracy and for not granting minority shareholders adequate rights to information.

What is new?

So what is new, apart from the concept of corporate governance itself? In the course of the corporate governance discussion, the last of the

above-mentioned points, in particular, the relationship between companies and their shareholders, has appeared in a different light. Today, shareholders expect detailed, up-to-

date information on developments in their company. They expect company disclosures to go far beyond the requirements that the law stipulates for the annual report. In a recent parallel development, the public has taken to emphatically reminding boards of

A board of directors is now expected to establish expert committees and to set up an efficient system of control to monitor management.

responsibilities have changed, radically so. Furthermore, the importance of the principle of checks and balances has grown enormously. A board of directors is now expected to establish expert committees and to set up an efficient system of control

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to monitor management. In keeping with current standards, this consists of internal auditors that report directly to the board of directors, independent external auditors, risk management in accordance with the company's size and complexity, and a committee responsible for ensuring compliance with the relevant statutory, official, and supervisory standards. I have found it fascinating to follow the expansion and professionalisation of boards of directors' remits in recent years. I should like to dwell on this for a moment. Let us take the example of Swiss Re, to whose Board of Directors I was elected in November 1990.

Corporate governance at Swiss Re

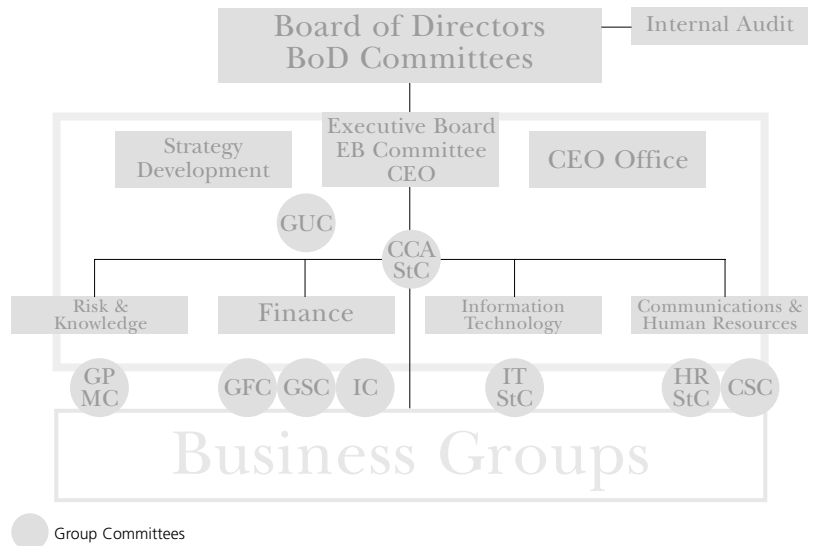
In the past twelve years, the workings of the Board of Directors have changed fundamentally. An Audit Committee was introduced already in 1991. In 1998, other committees were formed. They were delegated duties and competencies that are precisely defined in the company's Organisation Regulations. Since then, the company has, in addition to the Audit Committee, a Compensation and Appointments Committee, a Finance and Risk Committee, a Governance and Shareholder Relations Committee, and an Investments Committee.

The members of the Board of Directors meet for two days at least six times a year. To help them prepare for the



Peter Forstmoser was elected to Swiss Re's Board of Directors in 1990 and has been Chairman of that body since 30 June 2000. He studied law at the University of Zurich, and went on to study at the Harvard Law School, graduating with a Masters degree in 1972. He is professor for civil, corporation and capital markets law at the University of Zurich and a partner of Niederer Kraft & Frey, Attorneys, in Zurich. He is also Chairman of the Board of Directors of Hesta AG, Zug, Vice-Chairman of the Board of Mikron Holding AG, Bienne, and Board member of Bank Hofmann AG, Zurich. He has sat on numerous committees of experts for law projects and reforms (including data protection, stock exchange regulation, investment trusts, and most recently the reform of private limited company law) and often acts as an arbitrator in international law disputes.

Swiss Re's corporate governance structure



meetings, they receive a wide range of material beforehand. On the first day, the committees analyse topics in depth, assisted by experts drawn from the company's various fields of operation and external specialists. On the second day the full Board of Directors receives a report on the ac-

tion. Among other things, they examine whether Swiss Re has acted in accordance with the best practice recommendations and provided adequate information. In addition to Swiss best practice principles, an internationally active company such as Swiss Re has to take other standards

Accordingly, it is important that, when implementing principles of corporate governance, companies do not to lose sight of the principle of appropriateness.

activities and conclusions of the committees. For the rest, the Board deals with the topics it as a body is duty-bound to consider. If required, the Board of Directors can be summoned to further meetings at short notice, or can discuss and decide urgent matters via telephone or video conferencing.

Once a year, the Governance and Shareholder Relations Committee and the full Board of Directors focus on questions of corporate gover-

nance. Among other things, they examine whether Swiss Re has acted in accordance with the best practice recommendations and provided adequate information. In addition to Swiss best practice principles, an internationally active company such as Swiss Re has to take other standards

into account as well, in particular US American and UK principles. Thus, modern corporate governance is more than just old wine in new bottles. It gives both investors and the public added value. But this service is not free. Indeed, quite the opposite: good corporate governance can be expensive. Accordingly, it is important that, when implementing principles of corporate governance, companies do not to lose sight of the principle of appropriateness.

Checks and balances – corporate governance in private equity

Corporate governance plays a very important role in private equity investing, albeit in a different form from the large cap understanding of transparency, structure and policy.



Gina Domanig,
Head of Private Equity,
SAM Sustainable Asset
Management

Typically early stage companies have few or no public information requirements, combine management and board memberships and duties, and need to get used to the concept that management is not the same as ownership. Obviously, the role of a private equity investor is to introduce good corporate governance practices into portfolio companies. This can be accomplished through close relationships with the portfolio companies. Good corporate governance also enables relationships to develop, as the prerequisites for fruitful relationships are transparency, checks and balances, and alignment of interests.

100% transparency

Investing in privately held companies involves continual assessment of the potential of ideas for products or services that typically are not yet established in the market. Not only must the company have a convincing concept, but investors must also be able to assess this information in a thorough due diligence process. Post investment, there must be close interaction between the investors' representatives on the board and management to ensure that the board is kept fully informed of material developments and can act on this knowledge. Without 100% transparency investors will quickly lose confidence in a company and withdraw vital support.

Checks and balances: management vs. board

Private equity investments are typically negotiated transactions that give the private equity investor a lot of influence in the portfolio company. Usually the management team were the initial owners, and the entry of private equity investors is their first experience in shared control. As the company grows and further capital is needed, management's interest is

Private equity investments are typically negotiated transactions which give the private equity investor a high level of influence in the portfolio company.

further diluted and control often ends up in the hands of the outside shareholders. In the process, large investors will seek to influence key decisions, in particular through a seat on the board of directors and using it to play a very active role. In

addition, private equity investors typically require an independent chairperson (non-executive director who does not represent specific shareholders) and a reputable auditor.

Healthy alignment of interests

Private equity funds are most successful when their support for the development of a company takes into account the interests of all stakeholders. Building a company on this basis will ultimately ensure a favourable exit for the private equity investor and an increase in value for all other shareholders. Therefore, transactions should be structured to maintain a healthy alignment of interests in good and bad times. If the success of the company makes all parties winners, all will be motivated to add value. Likewise, all parties must be motivated to minimize the company's failings (and potential downside risk). Well-structured transactions and sound organizational procedures can promote proper alignment, e.g. a substantial options pool for employees.

Successful private equity funds add significant value to investors by ensuring meticulous corporate gover-

nance. A private equity fund can and must assume a leadership role in this respect during the life of the investment. Hence, prior to investing, a private equity fund must carefully assess management's philosophy in this regard.



Walking the Talk – A book containing SAM data

SAM news and agenda

Walking the Talk, the hotly debated book launched at the Johannesburg Earth Summit, was penned by leading industrialists Stephan Schmidheiny, Philip Watts und Charles O. Holliday. It is illustrated with data from SAM Sustainable Asset Management.

Ten years after Rio, Stephan Schmidheiny, in collaboration with two other corporate leaders, has launched a second book that is likely to cause something of a stir in the next few weeks and months. "Walking the Talk" contains 67 meticulously researched case studies showing how companies implement sustainability strategies in their day-to-day operations. Most of the tables and charts in the book come from SAM Research. Covering some 1000 analysed companies, the data were collated in 2001.

New executive management member at SAM

René R. Kamber (48) was appointed to the executive management of SAM Sustainable Asset Management AG in Zollikon effective August 1, 2002. In this present capacity he is responsible for Marketing & Sales Institutional Clients.

Prior to joining SAM, he had been with Citibank since 1972. He was based in Geneva, Zurich, London, New York and Frankfurt, and worked in Operations, Credit Risk Management and Customer Relationship Management. René R. Kamber holds Swiss diplomas in banking and business management and also studied at the Graduate School of Business, Stanford University, Palo Alto, CA.

SAM Private Equity

invests in wave power

SAM Private Equity invests in two young companies specializing in the exploitation of wave power.

In partnership with Norsk Hydro Technology Ventures and 3i, the UK's largest venture capital company, SAM has taken a stake in Ocean Power Delivery Ltd. (OPD). This start-up firm is headquartered in the Scottish capital Edinburgh. SAM Private Equity is also a lead investor in Energetech Australia Pty. Ltd., which likewise uses ocean waves to generate electricity. The company has developed a method of harnessing the energy of waves as they hit coastal structures and using it to drive a turbine.

Dow Jones Sustainability Index reviewed

In a media release issued on September 4, Dow Jones Indexes, STOXX Limited and SAM Group announced changes to the Dow Jones Sustainability Index (DJSI).

With effect from September 23 the index will contain over 300 companies from 23 countries. The pan-European Sustainability Benchmark DJSI STOXX is to be made up of more than 180 companies from 14 countries. The new index composition will affect the investment decisions of the 40 asset managers who benchmark their sustainability portfolios against the DJSI. Currently some CHF 3.5 billion are invested in vehicles tracking the DJSI family.

Events

October 2, 2002:

Sustainable Performance Group's fifth anniversary

Guest speakers: Philip Watts, CEO Royal Dutch/Shell and Martin Albers, Member of the Executive Board of Swiss Re

Venue: Swiss Re Auditorium G 201

Gotthardstrasse 43, 8002 Zurich

www.sustainable.ch

October 31/November 1, 2002:

Sustainability Leadership Forum on "Governance for Sustainability"

Speakers include Martti Ahtisaari, former President of Finland,

Lars R. Sorensen, President and CEO Novo Nordisk,

Peter Forstmoser, Chairman of the Board of Swiss Re

Venue: Swiss Re, Center for Global Dialogue

Gheistrasse 37, 8803 Ruschlikon

Mai 7, 2003:

General Meeting

Sustainable Performance Group (SPG):

Venue: Swiss Re Auditorium G 201

Gotthardstrasse 43, 8002 Zürich

General Meeting

SAM Smart Energy

Venue: Swiss Re Auditorium G 201

Gotthardstrasse 43, 8002 Zurich

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SAM Sustainable Asset Management (SAM) was founded in 1995 as an independent asset management company specializing in sustainability investments. As one of the world's leading asset managers in its field, SAM works with banks, insurance companies, pension funds, trusts, foundations, and private investors.

The systematic analysis and integration of sustainability criteria in the investment process serves as a basis for high-quality products and services. SAM's acumen is based on its own research as well as the resources of its worldwide sustainability network. Together with Dow Jones and STOXX, SAM launched a family of sustainability indexes, tracking the performance of companies that lead their industry in terms of sustainability.

SAM's headquarters are in Zollikon-Zurich (Switzerland), and it has branch offices in Chicago, USA, and Melbourne, Australia.