

SAM Communication on Progress (COP)

General

Period covered: *from Mai 1st 2011 to May 1st 2012*

Background and Scope of COP: *SAM is a specialized investment boutique, focusing exclusively on Sustainability Investing with slightly over 100 employees all based in Zurich Switzerland. Hence, the direct impact of our operation on the environment, social or human right matters is negligible. However, SAM assesses and rates the sustainability of a large number of companies on the basis of information provided by those companies, which revenues sum up to over 10 trillion USD. SAM's indirect impact is therefore infinitely more significant than its direct impact due to its own operation; hence in the following report we mostly address our indirect impact. SAM has been assessing companies on environmental, social and economic criteria since 1995, 5 years prior to the launch of the global compact.*

While the output of this assessment process is most widely known as the Dow Jones Sustainability Indexes, SAM also puts together an annual review of the assessment in the SAM Yearbook, also attached to this COP.

Statement of continued support by the Chief Executive Officer (CEO)

H.E. Ban Ki-moon
Secretary-General
United Nations
New York, NY 10017
USA

Zurich, May 1st, 2012

Dear Mr. Secretary-General,

We are pleased to confirm that SAM supports the ten principles of the Global Compact with respect to human rights, labour, environment and anti-corruption. With this communication, we express our intent to advance those principles within our sphere of influence. We are committed to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Millennium Development Goals. SAM will make a clear statement of this commitment to our stakeholders and the general public.

We recognize that a key requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP) that describes our company's efforts to implement or to help implement the ten principles. We support public accountability and transparency, and therefore commit to report on progress annually according to the Global Compact COP policy.

Sincerely yours,
Michael Baldinger
Chief Executive Officer

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Human Rights Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses

Assessment, Policy and Goals

Description of the relevance of human rights for the company. Description of policies, public commitments and company goals on Human Rights.

SAM believes that in general all companies should follow Principle 1 and 2. We also believe that companies that have systems in place which ensure that such issue won't take place in their own global operations as well as in their supply chain will outperform those of their peers which do not have such systems in place. Hence, we ask all of the 2000 companies which we assess every year if they follow principle 1 and 2.

Implementation

Description of concrete actions to implement Human Rights policies, reduce Human Rights risks and respond to Human Rights violations.

As mentioned above companies are asked to answer specific questions about human rights and processes in place and provide document demonstrating their internal human right assessment process.

Measurement of outcomes

Description of how the company monitors and evaluates performance.

On the basis of the quality of the answers, companies are assigned scores which allows for a ranking of companies. Companies are made aware of their scores, and they try to improve year over year versus their peers.

Labour Principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation

Assessment, Policy and Goals

Description of the relevance of labour rights for the company. Description of written policies, public commitments and company goals on labour rights.

SAM believes that employees are a company's most important resources, as such it is important to treat its workforce with respect and dignity. Companies which don't follow recognized international standards will eventually lose their employees to companies which do, thereby underperforming their peers in the long run. Hence, SAM asks question within its assessment to all of the 2000 companies which we assess that are related to labour condition and standards, and specifically refers to ILO standards.

Implementation

Description of concrete actions taken by your company to implement labour policies, reduce labour risks and respond to labour violations.

As mentioned above companies are asked to answer specific questions about labour indicators, rights and processes in place.

Measurement of outcomes

Description of how the company monitors and evaluates performance.

On the basis of the quality of the answers, companies are assigned scores which allows for a ranking of companies. Companies are made aware of their scores, and they try to improve year over year versus their peers.

Environmental Principles

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies

Assessment, Policy and Goals

Description of the relevance of environmental protection for the company. Description of policies, public commitments and company goals on environmental protection

SAM believes that companies which take into consideration global trends in running their businesses will outperform their peers which don't. SAM believes that climate change, water scarcity, energy scarcity, resources scarcity, pollution of the biosphere and decreasing biodiversity are macrotrends which will have a significant impact on companies going forward. At the same time, companies bringing solutions to these environmental challenges will observe higher growth. Hence, companies which better manage environmental risks and opportunities will outperform their peers in the future. So, SAM assesses companies on their ability to manage such environmental risks and opportunities.

Implementation

Description of concrete actions to implement environmental policies, reduce environmental risks and respond to environmental incidents

As mentioned above companies are asked to answer specific questions about environmental KPIs, and processes in place, such as CO2 emissions, energy usage, water usage, water related risks, toxic waste, recycling of product, life cycle analysis, etc.

Measurement of outcomes

Description of how the company monitors and evaluates environmental performance

On the basis of the quality of the answers, companies are assigned scores which allows for a ranking of companies. Companies are made aware of their scores, and they try to improve year over year versus their peers.

Anti-Corruption Principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Assessment, Policy and Goals

Description of the relevance of anti-corruption for the company. Description of policies, public commitments and company goals on anti-corruption.

Corruption represents high transaction cost for companies and limits fair competition, hence SAM believe that companies should do all it can to combat corruption in their spheres of influence. Processes put in place by companies to minimize corruption are assessed looking at companies' codes of conducts, educational systems, whistle blowing policy..

Implementation

Description of concrete actions to implement anti-corruption policies, reduce anti-corruption risks and respond to incidents.

As mentioned above companies are asked to answer specific questions about corruption, KPIs, and processes in place.

Measurement of outcomes

Description of how the company monitors and evaluates anti-corruption performance.

On the basis of the quality of the answers, companies are assigned scores which allows for a ranking of companies. Companies are made aware of their scores, which they try to improve year over year versus their peers.

In cooperation with

A topographic map of the Caribou Mountains area in British Columbia, Canada. The map shows various geographical features, including mountains, rivers, and lakes. A magnifying glass is positioned over a specific region, highlighting details like 'John D'Or Prairie Ind. Res.' and 'Fox Lake Ind. Res.'. The map is overlaid with a large green circle containing the title text.

The Sustainability Yearbook 2011

Swiss Federal Social
Security Fund AVS/AI/APG

**Doris, M. Schönemann, Vice chairperson
of the board of directors**

"The social security funds AVS/AI/APG have more than 10 years of experience in sustainability investing. Sustainable investments account for 60%, or about CHF 2.7 bn., of the funds' equity investments (DJSI Stoxx Europe, DJSI North America). The sustainable share of the funds' total assets of CHF 25.2 bn. is about 11%.

Nobody objects to sustainability. But: 'Doing good' has to be done well. That's the real challenge. In this spirit, the sustainability issue is more than a buzz word for the Board of Directors – it is a continuous learning process. It calls for intensive, at times controversial discussions among Board members followed by a critical examination of the results and, finally, adjustments and improvements. Sustainable investments will only pay off if they are based on a structured, comprehensible process."

Investors
Quotes

Evli Investment
Management Co. Ltd.

**Tomas Hildebrandt, Senior Portfolio
Manager for Institutional Clients**

"We believe that companies which take environmental, social and governance issues into account in their operations will benefit from this in the longer term. We also believe that investors who wisely consider ESG issues will also benefit from doing so."

Foreword

DEAR READER,

This year's edition of The Sustainability Yearbook, published jointly by SAM and Pricewaterhouse-Coopers (PwC), explores some of the key drivers behind the water challenge.

A joint report on environmental externalities published by the UNEP Finance Initiative, the UN Principles for Responsible Investment and Trucost estimates that water pollution and water scarcity cost the global economy USD 1.2 trillion in 2008. By 2050, this sum is expected to reach USD 4.7 trillion, or 3% of global GDP.

The growing momentum of initiatives such as the CEO Water Mandate and CDP Water Disclosure, both of which SAM has endorsed, testifies to the increasing awareness of the economic importance of managing water-related risks.

This edition presents three perspectives on managing water-related risks. PwC explains why water risk management should be an integral part of corporate strategy. SAM outlines preliminary findings from its evaluation of companies' water risk management approaches based on the newly introduced water-related risk management criterion in SAM's Corporate Sustainability Assessment (CSA). José Lopez, Executive Vice President of Operations at Nestlé, explains how his company manages its water-related risks.

Water-related risk is one of many other material sustainability criteria. Therefore, SAM continually works to enhance its CSA methodology and in 2010 also implemented improvements in such areas as corporate citizenship/philanthropy, customer relationship management as well as occupational health & safety. Building on an annual analysis of the sustainability performance of more than 2,000 companies, the CSA forms the basis for the construction of the prestigious Dow Jones Sustainability Indexes (DJSI) as well as for SAM's investment strategies and Robeco's responsible investing practices across its product range.

The Sustainability Yearbook provides an overview of the results of the 12th SAM Corporate Sustainability Assessment, which determines the companies that are included in this reference guide to the world's sustainability leaders. The leading companies in 58 sectors are classified into three categories – SAM Gold Class, SAM Silver Class and SAM Bronze Class – with special status awarded to Sector Leaders and Sector Movers.

SAM is pleased to see a steady increase in the participation rate in its assessment as well as in the number of awarded companies, which we believe clearly reflects companies' growing awareness of the importance of corporate sustainability management.

We hope you find this guide a useful tool offering fresh insights into one of the major trends of our time.



Michael Baldinger
Chief Executive Officer
SAM



Markus Nöthiger
Lead Partner Sustainability & Climate Change
PwC Switzerland

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1 THREE PERSPECTIVES ON MANAGING WATER- RELATED RISKS



1.1 Water as a Corporate Issue: How Should Business Respond?

1.1.1 How are water challenges impacting business today and in the future?

As the world faces growing scarcity of the clean water essential for sustaining life and running businesses, leading companies are coming to see water as an emerging, globally relevant business challenge. Agriculture, population growth, economic growth, and ongoing industrialization all contribute to increasing demand for clean water. This increasing demand, compounded by the impacts of climate change on water availability, has already led to shortages in emerging markets as well as in some parts of the developed world.

For instance, California – one of the most important U.S. agricultural basins and the fifth-largest supplier of food and agricultural commodities in the world – suffers from chronic water shortages. Degraded water quality is also an issue in many parts of the world, where industrial activities such as semiconductor manufacturing cannot get sufficient clean water for their manufacturing needs, meaning that companies incur additional manufacturing costs in pre-treating water.

Given that agriculture accounts for 70% of global water use, increasing water scarcity is jeopardizing agricultural and food processes. If this issue is not addressed over the next few decades, the world could see both an emerging water crisis and an emerging food crisis. In addition, there is a lack of overall accountability in the world's economic and pricing systems, with water often described as the world's most valuable natural resource but fre-

quently viewed as a public good and provided at minimal or no cost.

The public and private sectors need to join forces at both global and local levels to address the challenges associated with the growing scarcity of clean water. At a global level, relevant public and private stakeholders need to establish frameworks that allow water to be dealt with efficiently and effectively, for example by establishing market mechanisms to facilitate water trading, introducing regulatory and market transparency and avoiding price distortion, or establishing standards for companies to account and report for water use. The recent United Nations endorsement of a fundamental human right to "safe and clean drinking water" should help the ongoing development of these new global frameworks. Locally too, public and private stakeholders need to collaborate to establish water policies with a view to securing water quality and availability in the long run.

Independent of these potential policy developments, and given the inherent business risks and opportunities around water, the private sector should be working to develop its own answers. A number of initiatives have emerged to help companies in the development, implementation and disclosure of water sustainability policies and practices. The CEO Water Mandate, with its requirement that endorsing CEOs acknowledge their responsibility to make water-resource management a priority, is one leading example of this growing private sector engagement around water issues.

Stakeholders must collaborate locally to ensure water quality and availability in the long run

1.1.2 How are companies affected?

Water scarcity can cause significant operational, regulatory and reputational risks to companies. Business leaders who downplay water issues as a blip on the media landscape underestimate the wide-reaching impacts water scarcity may have on their businesses, including potential business disruptions, increased production costs, or loss of licenses to operate in water-stressed regions – to name but a few. Increasing water scarcity is a game-changing megatrend – like climate change, global population growth or the growing economic importance of emerging economies – and ignoring this trend could leave companies unprepared to succeed in a water-scarce world. 41% of CEOs responding to the PwC Global CEO Survey in 2009 said that freshwater scarcity will have a negative impact on their company's long-term success.

Water risks vary significantly across different sectors, but the water challenge will ultimately have an impact on all industries and all companies, with the agriculture sector most directly impacted. Projections show increasing water scarcity reducing the net global productivity of agricultural land, which in turn will likely lead to increasing land use pressures.

Food production and its demand for water are therefore a key part of the water challenge, and maintaining or increasing food production in rapidly developing countries will become a growing problem. Water quality problems or water shortages will have direct impacts, resulting in production shortfalls or even the need to relocate agricultural facilities, and agriculture-related supply chains will probably have to undergo radical transformation. Answers to the challenges of clean water scarcity for agriculture will therefore have to take account of the logistical (e.g. shifting production), technological (e.g. improving pre-treatment or irrigation technologies) and operational (e.g. improving metering and reforming supply chains) aspects, and aspects related to involvement and engagement (new cooperation within watersheds). In addition, answers to this challenge could well stem from a greater monetary valuation of ecosystem services. Here developments are happening (e.g. the Economics of Ecosystems and Biodiversity (TEEB) study); interested readers should keep an eye out for news on this front and companies should incorporate these new developments into their water management policies and plans.

Water scarcity requires attention if companies wish to remain viable in the years to come



After agriculture, large industrial sector water users such as mining, metals, energy and cement companies are another group for whom the increasing scarcity of clean water is expected to have significant business implications. Adequate water supplies will be key in determining, for example, whether or not India's steel industry or South Africa's mining industry are able to realize their projected growth.

While water-intensive industries will be most concerned with the risk-related aspects of increasing water scarcity, some sectors such as financial services and technology will be more likely to see opportunities for new business growth from the provision of solutions to help address the water challenge. Financial institutions, for example, that develop specialized water funds or innovative financing mechanisms for sustainable water infrastructure could see clear revenue opportunities in helping the world adapt to increasing water scarcity. Technology providers are similarly finding growing markets for a range of new technologies including improved irrigation systems or drought-resistant crops, water purification and treatment technologies, and industrial efficiency systems, to name but a few.

Apart from the direct impact on physical assets and operations, there are a range of other potential consequences that organizations need to take into consideration when dealing with the water challenge. Water-intensive industries are likely to be most affected by the regulatory aspects of water. Reporting and water consumption reduction requirements are expected to become more stringent

in the future. The European Environment Agency, for example, has revealed plans for a European Union-wide water efficiency target to be discussed at a ministerial level in 2011. For companies that operate across international borders, these potential developments will mean dealing with different national regulatory systems, especially in areas such as water taxation and accounting, where there are currently no homogenous international guidelines.

Changing consumer preferences in a water-scarce world could also have an important impact on businesses. A recent survey of over 1,000 CEOs by PwC revealed that 64% of those polled are sensing a shift in consumer preferences towards environmentally and socially responsible products. Goods and services with a low water footprint could satisfy this fast growing market, and indeed water management reports from companies such as Nestlé describe achievements in areas such as litres of water used or wastewater generated to produce one kilogram of product. Similar reporting and labelling efforts are beginning to be seen from some textile companies. This trend towards shifting consumer preferences is also apparent in official tendering processes, where embodied water levels are increasingly now included in the tender assessment criteria for goods and services. Supplying products that lower consumers' water footprints, save them water consumption costs or help them adapt to decreasing access to clean water are all ways to benefit from the shift in consumer preferences. Product labels stating the life cycle water consumption of a product will likely grow in popularity, helping consumers in their green consumption choices.

CEOs have observed a shift in consumer preference towards sustainable products

1.1.3 How do companies manage water?

Successful companies will be those that consider water risks and opportunities in an integrated and strategic way, by examining the current and potential effects of the increasing scarcity of clean water. The starting point is a strategic question: how and how much does the business rely on water, and how are the company's direct operations and supply chain affected now and going forward by:

- changes in water availability, and quality (including for customers)
- price changes and price volatility
- operations in water-stressed or ecologically sensitive regions
- reliance on energy sources that require large amounts of water to produce
- opportunities whereby water scarcity can be mitigated by relatively energy-intensive water supply technologies (e.g. deep well diesel pumps or desalination)
- changing consumer preferences
- new regulations

This discussion should result in the development of a water strategy, a water policy and a water management plan. The debate should include a decision as to whether to include the company's supply chain, or limit such strategies, policies and plans to the company's own operations. As SAM's Corporate Sustainability Assessment of companies' management of water-related risks revealed, it is not surprising that most companies have some information on basic figures such as on direct water usage, but most do not have data on water use or water issues in their supply chain. Similarly, many companies have water management plans only for their own plants.

The question of water governance and how to organize roles and responsibilities should also be answered, and executives and directors need to assume top-level responsibility.

Water as a risk to business should also be explored. Risks in a company's own operations and at supplier locations such as exposure to water stress or direct physical risks can be identified and evaluated. Further, regulatory risks can arise from current or expected laws, and relate to different areas such as pricing, withdrawal rights, or production standards. These can result in additional costs to the business. In addition, reputational risks are also part of the game. One way in which beverage companies, for example, are managing these risks is by using the World Business Council for Sustainable Development (WBCSD) Global Water Tool to understand how water scarcity might impact the siting of future bottling facilities worldwide.

For internal management and public reporting reasons, and to satisfy the information needs of company stakeholders – in particular investors and shareholders – the financial implications of the identified risks, such as the impact on operating costs, need to be determined.

Water related opportunities are another field to explore. These might include projected growth with products and services that address the water challenge, either by creating additional supply (e.g. sophisticated gray water recycling technologies) or by reducing demand (e.g. water conservation technologies).

Water governance is an executive level responsibility

Finally, water accounting should be included in company management and reporting systems. Here it is beneficial to integrate it into the system already used for financial reporting. Water is a local or regional resource, and should be evaluated on the basis of hydrologic, geopolitical, social and environmental contexts. Key data include information on water withdrawals, recycling and reuse, pollutant discharges, water intensity per turnover/sales or quantity of

products. This information should be provided on a contextual or geography-specific basis – in other words, where is the water going to be used? – and the boundaries should be clearly stated (i.e. the company's own operations or operations plus supply chain). And as this kind of publicly disclosed information will become more meaningful and relevant to investors and shareholders, there is certainly a case for external, independent verification.

1.1.4 What next? The case for a generally accepted accounting framework

The past year has brought about some key developments in the area of corporate water disclosure. SAM, which launched its Sustainable Water Strategy nearly 10 years ago and has gradually been increasing the prominence of water risk criteria in its

annual Corporate Sustainability Assessment, has been an early mover in this regard, and a pioneer inspiring some of these new initiatives. A few key publications, projects and announcements supporting refinement in corporate water disclosure in 2010 have been:

- Launch of the World Resources Institute's (WRI) Water Index (January/April 2010)
- Publication of the Coalition for Environmentally Responsible Economies' (CERES) benchmarking study on corporate reporting of water risk (February 2010)
- Unveiling of the Norges Bank Investor Expectations on Water Management (May 2010)
- Alliance for Water Stewardship's (AWS) multi-year Water Roundtable (WRT) (June 2010)
- Publication of the UNEP FI Chief Liquidity Series Issue 2 (September 2010)
- Launch of the CEO Water Mandate Evaluative Framework for Responsible Business Engagement with Sustainable Water Management (November 2010)
- Publication of the initial results from the CDP Water Disclosure (November 2010)
- Announcement by Bloomberg of its intention to launch an ESG service focusing on water in early 2011
- The United States' Securities and Exchange Commission's (SEC) highlighting of water as a potentially material issue in its 2010 interpretive guidance on what public companies should disclose to investors

Yet there is still no generally accepted global standard for corporate water disclosure. The private sector needs an accounting standard similar to the WRI/WBCSD Greenhouse Gas Protocol, that both recognizes that water is a local challenge variable in time (e.g. in contrast to CO₂) and also can give companies guidance on how to integrate water management into their broader corporate management activities. The CDP Water Disclosure report argued that the absence of effective standards has limited the number of companies disclosing meaningful and comparable information, and has resulted in most companies disclosing only a minimal set of information on their own direct use of water. This serves as a reminder that the development of a generally accepted international accounting standard on water metrics is required.

For businesses, there are pressures to report to different audiences: to investors (who rely on meaningful and comparable information which relates to business risk and performance), to consumers (to enable them to choose between different products), and to governments (to protect watersheds and balance competing needs). A successful international accounting standard should recognize and incorporate these different stakeholders' needs.

The more companies are able to measure, compare and benchmark water-related information based on commonly accepted standards, the more likely they will commit to managing water as a business issue of strategic importance. Business leaders will be able to use quality data to gain efficiencies internally and avoid business risks such as operational disruption,

as well as both regulatory and reputational risks. Investors will be able to analyze companies so that they can factor water-related uncertainties into their investment decisions. A standard would also provide substantial benefits for internal company management, particularly when it comes to supplier audits, where different forms of competition have resulted in a snowball effect throughout the supply chain that hampers efficiency. More companies signing up for a standard would also mean a higher level of detail on water usage locally. It would also potentially mean more manpower to improve the quality of water availability data versus water usage/water consumption data in turn facilitating local water risk indexing. Many parallel developments are happening here which are retarding effective management.

The business case for water is there. What we now need is a structure and framework to effectively deal with it. This brings us back to the question in the title of this article: How should business respond? Over the next twelve months businesses should be committing to contributing to the development of a standard, supporting the decision-making process, and applying a standard to push this initiative. As Dominic Waughray, the World Economic Forum's Head of Environmental Initiatives, has put it, the world, or some parts of the world, could be on the verge of water bankruptcy. This is not yet reality, but these strong words need to be followed up by action, with a firm commitment to achieving a common goal. The innovation and influence of the private sector in partnership with the determination and drive of the public sector are needed more than ever to solve global problems such as water.

As more companies adopt reporting standards, the quality of water usage data will also improve



1.2 Integrating Water-Related Risk Management into SAM's Corporate Sustainability Assessment

1.2.1 The Unfolding Water Crisis

The water crisis is now generally recognized as a major challenge for humanity. In the coming decades, entire regions on every continent will suffer through increased periods of intense scarcity, which will have a meaningful impact on the environment, the economy and society at large. This poses a risk for investors who are exposed to companies operating in such regions.

SAM recognized investment opportunities linked to the water crisis as early as 2001, being one of the first asset management firms to launch an investment strategy focused exclusively on the water theme. Such a strategy identifies companies that develop solutions to the water crisis by offering products and services that address global challenges related to scarcity, quality and allocation of water.

However, in addition to capitalizing on water-related opportunities by investing in a focused water theme portfolio that identifies companies that provide solutions to water-related challenges, investors must also consider their exposures to water-related risks in their global core (non theme) portfolios. Therefore, it is important to distinguish between companies whose financial performance may be negatively affected due to poor management of water-related risks and those sustainability leaders that apply best water management practices. Thus, when SAM launched its water strategy, it also began to collect data on companies' water consumption as part of its annual Corporate Sustainability Assessment, thereby encouraging companies across all sectors to report on their water footprint.

Investors should consider their global portfolio exposure to water-related risks

SEVEN CONVERGING TRENDS UNDERLYING THE WATER CRISIS

Aging infrastructure: In most developed economies, water distribution infrastructure is old, and in many cases its design lifespan has elapsed. This leads to an increase in non-revenue water; in some networks up to 75% of the water is lost to leaks and is unaccounted for. Other consequences of a crumbling infrastructure include water main breakages, which can generate sinkholes that can swallow entire city intersections, or the contamination of ground- and surface water by wastewater pipe leaks.

Demographic change: Improved living standards result in higher per capita water consumption and are compounded by urbanization, which increases the density of local water withdrawals, leading to unsustainable pumping of groundwater in urban areas. Migration towards sunnier locations places additional pressure on stretched water resources in those typically more arid regions, and an aging population increasingly forces regulators to tighten water quality regulations in order to protect the health of some of its more vulnerable citizens.

Climate change: The frequency and magnitude of extreme weather events such as droughts and floods will increase as a result of a changing climate. Additionally, rising temperatures will contribute to the spread of water-borne diseases and will cause glaciers – natural water reservoirs that act as buffers within the water cycle – to melt at an accelerated pace.

Pollution: Increased industrial activity and higher population densities have led to higher levels of pollution in most of the world's water systems. Surface and groundwater pollution ranges from heavy metals contamination, which can leach from mining sites, to hormones and pharmaceutical metabolites, which can pass untreated through wastewater treatment plants.

Increasingly stretched public balance sheets: Tight government budgets result in a trend toward increasingly cost-covering water tariffs. This often raises the water issue to the top of political agendas.

The water-energy nexus: As conventional energy sources become more scarce, they are progressively being replaced by others that can be significantly more water intensive. Extraction of oil from tar sands, fracturing for shale gas, production of biofuels, manufacturing of solar panels, nuclear power and hydropower all require significant amounts of water.

Food production: To feed and combat hunger for an additional 2.3 billion people by 2050, food production will have to increase by 70% relative to current levels. Irrigation already accounts for 70% of total global water consumption today, hence food production is and will remain one of the key contributors to the unfolding water crisis.

THE WATER CRISIS VIEWED THROUGH THE LENS OF UNIVERSAL OWNERS

A number of investor-led initiatives related to the measurement of water risks have gained momentum over the last few years, reflecting the growing awareness of the importance of managing the world's water resources. Clearly, universal owners are increasingly recognizing that the assessment of such water management practices should be an integral component of their investment decision-making process, as water scarcity may affect the profitability of the companies in which they invest. Simultaneously and partly as a result of investors' engagement efforts, corporations are also beginning to recognize the importance of incorporating water management into their traditional risk matrix.

- In early 2010, Norges Bank Investment Management (NBIM), the executive arm of Norway's Government Pension Fund with USD 500 billion in assets, published a set of investor expectations regarding proper water management: "The global water shortage represents a financial risk to the fund. Water is an important factor of production for 1,100 companies in NBIM's portfolio ... At NBIM, we believe that investors should receive sufficient information to be able to assess risk related to water scarcity, regulations and higher water purification costs." Norway's Government Pension Fund is a key sponsor of CDP Water Disclosure and one of the most vocal universal owners drawing attention to the importance of sustainably managing global water resources.
- Similarly to the Carbon Disclosure Project (CDP), the goal of CDP Water Disclosure is to push corporations to be more transparent in reporting water consumption across all of their operations. In early 2010, CDP Water Disclosure requested details on water consumption from 300 global companies. SAM endorsed this initiative, as it promotes alignment and transparency of water-related reporting.
- During the same period, the U.S. Securities and Exchange Commission (SEC) published its Commission Guidance Regarding Disclosure Related to Climate Change, which noted: "Significant physical effects of climate change, such as ... the arability of farmland, and water availability and quality, have the potential to affect a registrant's operations and results."
- In its 2010 Annual Report, the UN Principles for Responsible Investment (UN PRI) cited water scarcity as a critical challenge to be addressed and called upon its signatories to engage the world's largest corporations with the specific goal of improving sustainability of water usage by the private sector.
- In November 2010, the CEO Water Mandate – a multi-stakeholder initiative within the framework of the Global Compact aimed at improving sustainable water management practices among corporations – published its Guide on Responsible Business and Water Policy. SAM is one of the first asset management companies to have endorsed this initiative.

In 2010, SAM integrated water-related risks as an individual criterion in its Corporate Sustainability Assessment

LEVERAGING SAM'S WATER EXPERTISE

Over the years SAM has built a team of investment professionals with extensive knowledge and practical experience related to global water challenges. SAM's water specialists possess a combination of academic, technical and financial expertise, giving them unique insights into the long-term sustainability trends shaping the global water crisis. In addition, members of the team maintain close contact with a network of water experts and actively participate in water-related initiatives described in the preceding pages.

In light of the pressing need to address water-related risks, SAM has leveraged its water expertise and applied it to a broader range of sectors in order to evaluate exposures to water-related risks across the global equity universe.

A stand alone water-related risk criterion was added to the Corporate Sustainability Assessment for the first time in 2010. This new criterion was implemented for 13 sectors representing a total of 430 companies that due to their products, supply chains, or production processes, have been identified as potentially exposed to water-related risks. The inclusion of a more systematic water risk management criterion into the Corporate Sustainability Assessment is a reflection of SAM's continuous efforts to remain at the forefront of sustainability thinking by incorporating emerging material sustainability issues into its assessment of companies' corporate sustainability practices.

FIGURE 1: SECTORS EVALUATED ACCORDING TO SAM'S WATER-RELATED RISK MANAGEMENT CRITERION
Source: SAM

Sector
Aluminum
Beverages
Building Materials & Fixtures
Diversified Industrials
Electric Components & Equipment
Electricity
Electronic Equipment
Food Producers
Heavy Construction
Industrial Engineering
Mining
Oil & Gas Producers
Semiconductors

1.2.2 Background & Methodology

Sustainability Investing is a long-term investment approach that integrates economic, environmental and social criteria into investment decisions. The focus lies on assessing companies' responses to issues that are material to a company's financial performance, long-term in nature, but are not systematically quantified in conventional financial valuation analysis. SAM is convinced that analyzing the sustainability profile of companies and integrating it into conventional financial analysis offers the potential for stronger risk-adjusted long-term returns.

Each year, 2,500 companies are invited to participate in the annual Corporate Sustainability Assessment, consisting of an extensive questionnaire containing over 100 general and industry-specific questions covering the economic, environmental and social dimensions.

Given the breadth of the sustainability assessment, it is critical to focus on the essential when adding a new criterion. The questions in the new water-related risk criterion are designed to test whether certain processes are in place, rather than ask companies to provide a lengthy description of such processes. Thus, to minimize the number of questions, spot checks and proxies are used. For example, in order to verify whether a global company has the tools to determine its exposure to water risk, we ask a specific question asking the company to provide specific information on the percentage of its facilities located in areas of water scarcity. Such a question can only be answered if the company has in fact implemented such measurement tools.

WATER: A GLOBAL CHALLENGE WITH HIGHLY LOCALIZED RISKS

Desalinated water – the most expensive form of drinking water – is sold at approximately USD 65¢ per cubic meter. In contrast, lumber, one of the world's cheapest commodities, trades at approximately 200 times the price of desalinated water. This highlights the fact that trading bulk water globally is not economically viable. Only bottled water, which can be sold at a 1,000 times the price of bulk water thanks to brand and packaging strategies, can be profitably shipped.

This means that water is a particularly unique resource in that it is always sourced locally, and rarely has any substitute. Water management issues rarely extend beyond river basins and are often limited to subsystems of those basins. Thus, merely aggregating and comparing companies' global water consumption at the corporate level is not sufficient in order to adequately appraise water-related risks. For instance, the total water consumption of a corporation with operations located in northern Canada cannot be directly compared to that of another company with operations based in Namibia.

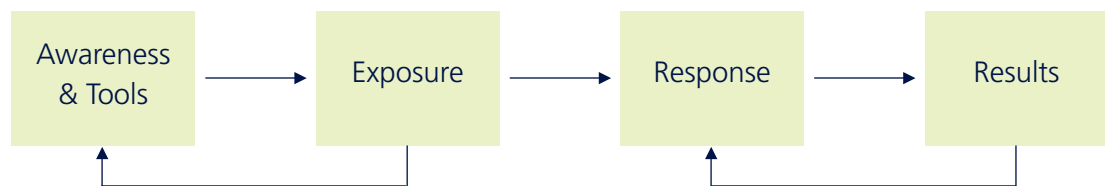
From a materiality standpoint, it is therefore first necessary to determine the extent of a company's exposure to local water-related risks and then evaluate whether its efforts to deploy a water-related risk management system are appropriate given its level of exposure.

1.2.3 Structure of the water-related risk management criterion

The diagram below illustrates the framework used to assess companies' management of water-related risks. SAM evaluates the various stages of a company's awareness and response to water-related

risk, ranging from initial awareness and assessment of exposure, to implementation of water-related risk management processes and their outcomes measured against self-established quantifiable targets.

FIGURE 2: WATER-RELATED RISK: ASSESSMENT PHILOSOPHY
Source: SAM



AWARENESS AND TOOLS

Companies are expected to provide evidence of a certain degree of awareness of water-related risk. Participation in recognized frameworks or collaborative initiatives such as the CEO Water Mandate and the use of appropriate measurement tools such as the WBCSD Global Water Tool, to assess water usage in light of local conditions, are indicators of a company's awareness of such water-related challenges. SAM then conducts spot checks to determine whether the

companies do in fact have the appropriate tools to measure the exposure and extent of that risk. For example, companies are asked to provide statistics of operations located in water-stressed areas – defined as <1,700 m³ of available water per person per year. In addition, SAM asks companies to report on details of facilities with the highest water consumption as well as those that are most sensitive to water quality in order to verify whether headquarters do in fact have an aggregated view of water-related risk.

SAMPLE WATER-RELATED RISK QUESTIONS: AWARENESS AND TOOLS

- Among the production sites currently located in water-stressed areas, please indicate your company's top fresh water consumers.
- Please indicate your company's three most sensitive production plants in terms of water quality (where intake treatment and/or water discharge treatment is critical).

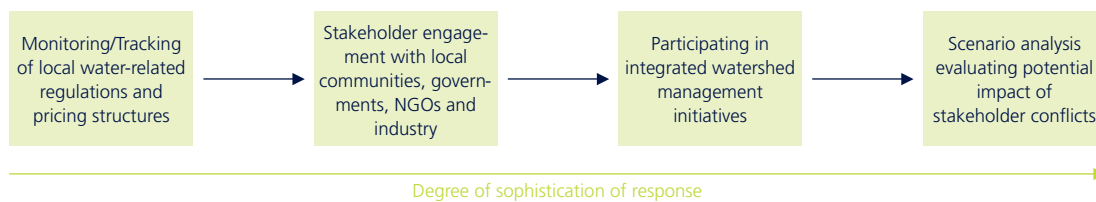
EXPOSURE

SAM examines the extent of a company's exposure to water-related risks by looking at the percentage of a company's plants that are located in areas affected by water scarcity. Next, SAM seeks evidence that the company has quantified the potential financial impact (materiality) of the company's exposure to water-related risks by requesting information on the percentage of total gross profits (or alternative financial indicator) generated by the plants reported to be located in water-stressed areas.

RESPONSE

In order to evaluate companies' overall water-related risk management strategy and processes, SAM asks companies to disclose whether they have engaged in activities ranging from simple risk assessments to more sophisticated responses as illustrated below. Companies are also asked whether they have taken measures to evaluate and address water-related risk exposures of their supply chain. In addition, for relevant sectors, information related to the integration of water quality or quantity considerations into the product development process is requested.

FIGURE 3: DEGREE OF SOPHISTICATION OF RESPONSE
 Source: SAM



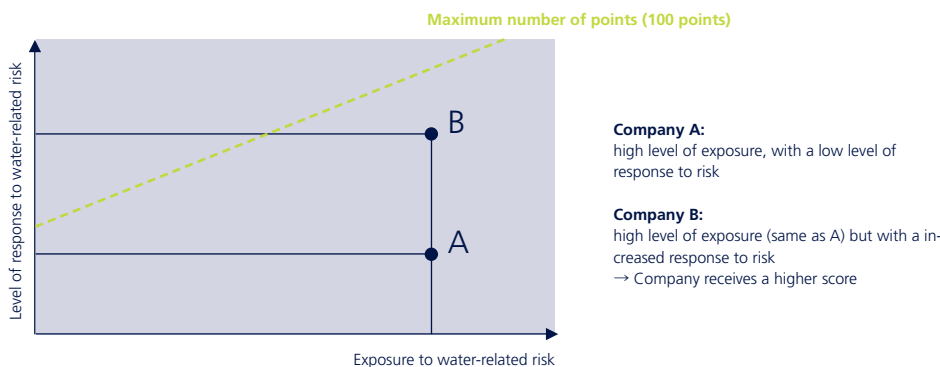
RESULTS

Companies are asked whether they have set targets for the facilities located in water-stressed areas that they have identified earlier in the questionnaire. Additionally, aggregated indicators, such as % of recycled water, are requested for the last four years. This step verifies whether a company's water-related risk management efforts are being quantified and tracked.

EVALUATION AND SCORING

Companies are scored on their management of water-related risks by comparing their level of response to the extent of their exposure. As companies' exposures to water-related risks increase, so should the extent and sophistication of their water management strategies. A company with limited response to a large risk exposure will only receive a fraction of the maximum number of points assigned to the water criterion.

FIGURE 4: SCORING PRINCIPLE OF WATER-RELATED RISK CRITERION
 Source: SAM



Companies are often unaware of which operations are located in regions suffering from water scarcity

1.2.4 Preliminary Results

AWARENESS AND TOOLS

Although 47% of the assessed companies declare that they systematically track total water usage, only 37% actually map water stress, indicating that in many cases, data on a company's total water consumption is being collected centrally by corporate headquarters but is not being evaluated in light of the local water conditions of its individual operations. The mining and beverage industries are the clear leaders when it comes to both tracking total water usage and mapping their exposure to water scarcity. Overall, however, a majority of corporate headquarters do not seem to know whether some of their operations are located in regions suffering from water scarcity.

EXPOSURE

Only 34% of the assessed companies are able to report what percentage of their plants are located in water-stressed areas, reflecting the fact that many companies have not mapped the water-risk exposures of their local facilities. An even smaller percentage – 18% of participating companies – actually knows what proportion of their gross profit (or other financial indicator) comes from these areas,

thereby demonstrating that materiality of water risk has only been quantified by few companies. Most striking is the case of electricity producers: 32% of electricity producers participating in the assessment have some plants situated in water-stressed areas. However only 5% of electricity producers have estimated and reported the percentage of gross profits (or other financial indicator) coming from operations located in those areas.

RESPONSE

Although 66% of the companies declare that more than 10% of their operations are located in water-stressed areas, many companies do not manage that risk. Others put considerable efforts into managing water risks even if their exposure is relatively small. This may be the case for companies that either fear stakeholder-related risk, or have operations that are highly sensitive to water quality issues, and must therefore be highly proactive regarding water-related risk management even though they have limited operations in water-stressed areas.

FIGURE 5: COMPANIES MAPPING THEIR EXPOSURES TO LOCAL WATER-RELATED RISK

Source: SAM

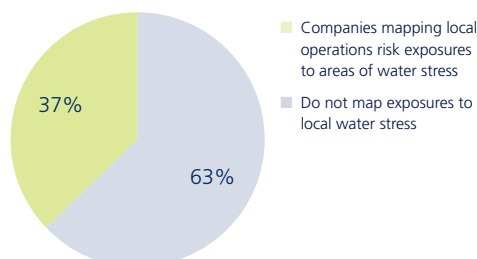


FIGURE 6: COMPANIES MEASURING MATERIALITY OF THEIR EXPOSURES TO WATER-RELATED RISK

Source: SAM

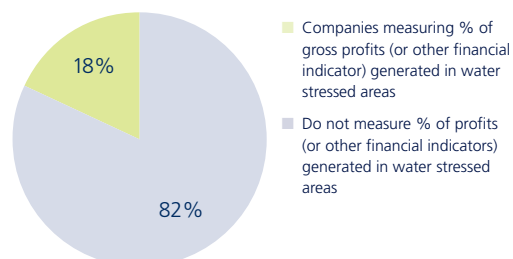
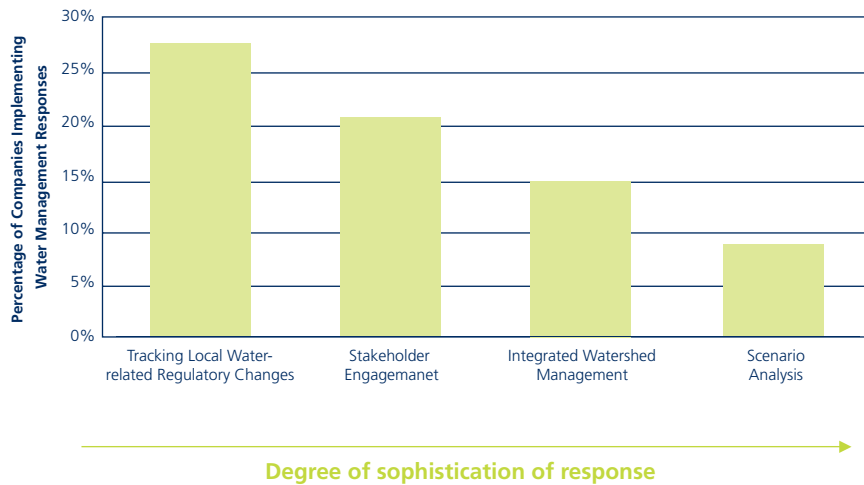


FIGURE 7: PERCENTAGE OF COMPANIES IMPLEMENTING WATER MANAGEMENT RESPONSES

Source: SAM



Basic activities such as the tracking of regulatory changes at the local level are carried out by 28% of the assessed companies, while more sophisticated processes such as scenario analysis of potential impact of stakeholder conflicts are carried out by only 9% of companies.

Once again, the beverage and mining sectors are the most active in implementing more sophisticated water management measures, while surprisingly, electricity producers, which have reported significant exposures to water-stressed areas are clearly behind. Interestingly, some companies have also begun to measure the virtual water content – the amount of water required for the commercializa-

tion of a product from raw materials to final assembly – of some of their products. Again, beverage companies are leading the way in this regard.

TARGET AND RESULTS

Water management still appears to be of a rather qualitative nature: only 16% of participating companies indicated that they have set targets for reducing water consumption in plants situated in water-stressed areas. With the exception of the beverage sector, 45% of which have set targets, sensitive sectors such as mining or electricity producers do not appear to have set quantitative water usage or reduction targets.

Just 16% of companies have a plan for decreasing water consumption in dry regions

1.2.5 Conclusion and Outlook

Companies that implement an appropriate water governance plan will be a step ahead of their peers

The initial results of SAM's 2010 Corporate Sustainability Assessment are encouraging in that many companies are aware of the existence of water-related risks. However, the assessment also confirms that companies still have a long way to go in terms of improving their ability to gain a consolidated overview of their local water-related risks. Across the evaluated sectors, beverage and mining companies are the most active in assessing and managing their exposures, while electricity producers are lagging other sectors.

Difficulties in assessing water-related risk exposure remain as companies struggle with a lack of standard practices. The complexity linked to the local nature of water resources complicates a meaningful aggregation of water-related risk exposure at the corporate level, adding to the difficulty of making direct quantitative comparisons between companies. Initiatives such as the CEO Water Mandate may help address some of these problems by further working toward the development of standardized water accounting principles, but this is merely a first step and much work remains to be done on general standard practices. As an active participant in this initiative, SAM is contributing to these efforts.

Other areas in which much improvement can be achieved by companies are the quantification of ma-

teriality and the systematic involvement of stakeholders and participation in integrated watershed management initiatives in water-sensitive regions.

Companies that are the first to implement water management procedures in line with their risk exposure will emerge as leaders within their sectors. The most proactive companies stand to benefit financially in the long run, as they will be better equipped to cope with sudden water shortages and will be less likely to lose their social license to operate as a result of having engaged with stakeholders early in the process.

By continuing to refine the water-related risk section of the annual SAM Corporate Sustainability Assessment and expand it to other sectors, SAM will continue to play a leading role in encouraging companies to improve disclosure on their exposure to and management of water-related risks. In essence, the water-related risk section of the SAM Corporate Sustainability Assessment also serves to raise companies' awareness of water challenges that may affect their long term financial performance. This enables companies to identify gaps in their approach to water management, and ultimately encourages them to initiate improvements to their processes.

"Robeco has been engaging with companies to encourage them to undertake analysis of water-related risk at their facilities and throughout their supply chains. Over the last few months, companies have become more willing to disclose their efforts on this issue. When asked what triggered their willingness to report, they pointed to several factors such as engagement efforts led by investors such as Robeco, collective investor action through CDP Water Disclosure and the annual SAM Corporate Sustainability Assessment used for the construction of the Dow Jones Sustainability Indexes. Companies felt that participation in the latter two initiatives were particularly valuable because it enabled them to be assessed in comparison to their sector peers."

Lara Yacob, Senior Engagement Specialist, Robeco

1.3 Interview with José Lopez, Executive VP Operations, Nestlé

“Water management practices are a crucial economic input factor.”

In the following interview José Lopez, Executive VP Operations at Nestlé, explains why managing water-related risks is important for Nestlé and elaborates on the types of risks they are confronted with. Nestlé is at the forefront of raising awareness for the issue of water scarcity and has systematically driven initiatives towards more efficient water usage and waste reduction.



José Lopez
Executive VP Operations,
Nestlé

Is paying attention to water risk increasingly important to Nestlé’s investors? If yes why, if not, why should it be important to them?

José Lopez: Yes, very much so. We are seeing increased interest from the investor side on questions related to water and the risk it may pose to our operations. The UN PRI (Principles for Responsible Investment), the Global Compact and its associated CEO Water Mandate, the CDP Water Disclosure, as well as the enhanced engagement of asset owners such as the Norwegian pension fund are but a few examples of this convergence.

We see this as a positive development. Under the leadership of our Chairman, Mr Brabeck-Letmathe, we have been quite vocal in stressing the importance of managing water in a sustainable manner. Agriculture uses 70% of freshwater withdrawal, which is why our suppliers are at the forefront of potential negative impact of water scarcity. So, any increase in awareness leading to a more sustainable water usage is good for all of us.

Investors should definitely include water management practices in their due diligence processes because it is a crucial economic input factor.

Nestlé, as well as SAM, are endorsers and active participants in the CEO Water Mandate. What are your rationales for, and what is the importance of participating in such a multi-stakeholder effort?

Lopez: Our company was quite early in publicly communicating the necessity of paying more attention to water scarcity management. While we might have initially looked at it as an internal risk, we quickly came to realize, along with other stakeholders (local government, NGOs, businesses), that water needed to be managed more comprehensively. At the same time, we saw the need for an increased global awareness among businesses and other sectors. Nestlé is a founding endorser of the CEO Water Mandate, a platform that has enabled companies to share best practices and discuss challenges in three workstreams: water

disclosure, policy engagement and the human right to water. Initially driven by companies, the mandate is increasingly becoming a multi-stakeholder initiative and many of the solutions which it proposes are centered on collaborations at the river basin level.

“A more systematic and strategic approach to water-related risk management took form progressively.”

What is your position regarding the “Human Right to Water and Sanitation”?

Lopez: Our company recognized the Human Right to Water and Sanitation along with the General Assembly of the United Nations in 2010. The Right to Water is fully embedded in the revised version of our Nestlé Corporate Business Principles (NCBP), published earlier in 2010. We applaud the resolutions of the UN General Assembly and of the UN Human Rights Council, which formally recognize the human right to safe drinking water and sanitation, and we look forward to working with the international community, wherever we are able, to help them implement these rights.

It is our view that water is both a basic human right and a commercially traded good. We support, for example, the approach by the South African government, where the first 6,000 liters per family per month are free and water beyond this amount is priced, meaning that those who can afford a swimming pool, for example, pay for the full cost of water provision.

When did Nestlé first become aware of water risk and begin managing that risk?

Lopez: Well, let me say that water has always been crucial for Nestlé and our suppliers. Indeed, we built the first wastewater treatment plant in the early 1930s and since then we have systemati-

cally driven initiatives towards ever more efficient water usage and waste reduction.

Over two decades ago we put in place our Nestlé Environmental Management System, a comprehensive series of priority standards, guidelines and checklists defining specific requirements applicable to the management of environment and occupational health and safety at our company.

And when, at the beginning of this millennium, as we assessed the major challenges facing the company in the coming decades, it became clear that water would be one of the major issues to address. Not because we use around 0.0009% of the world’s freshwater for our bottling activities, but because farmers as a whole – our suppliers – use over 70%, and much of this in an unsustainable manner. What many people don’t know is that a lot of water currently used for irrigation in many parts of the world is so-called “fossil” water, which has been deposited underground in previous ice ages and that isn’t being replenished in human timescales by rainfall or the natural water cycle. Since water is highly subsidized or even free for farmers, they often don’t recognize the threats of scarcity and therefore they overuse it.

From this realization, a more systematic and strategic approach to water-related risk management took form progressively. The work of the 2030 Water Resources Group – together with IFC of the World Bank, Asian Development Bank, McKinsey and a few other companies – also showed very clearly that a company cannot address the water risks in isolation and in a piecemeal approach, but only as a part of a broader strategy per river basin and/or country. The main instrument developed here is the water cost curve.

With what type of water risks are you confronted? Are there water risks that are specific to your company but uncommon in your industry?

Lopez: There are many ways of classifying risk. The main risk is overall water shortage: according to the 2030 Water Resources Group a possible consequence is to see shortfalls in global cereal production in the order of 30% by 2030. Due to water overuse, water tables are falling at a very high pace in the main cereal producing regions of the world. We also have to differentiate water quality versus water quantity-related risks. Our operations require the highest water quality for the production of our food and beverages. In some cases there might be plenty of water, but quality is poor and it requires a high degree of treatment, thereby increasing production costs.

Do these risks vary by region? Do you operate differently in different countries because of such regional variation of risks?

Lopez: Yes, without a doubt. Certain regions already suffer from acute water shortages. About 10% of our 450 factories are located in such areas. That's where we are focusing our water-saving efforts, and where we are concentrating our investments in new technology. And it's also in those areas where we are most engaged in various public-private partnerships and work with scientific institutions such as the International Water Management Institute. Typically, we use about 3 liters of water for every kilogram of final product that leaves our factories. But our farmers use on average some 3,000 liters of water to produce 1 kilogram of raw material. In addition to doing our homework in our own operations, more than 1,000 of our agricultural advisors are also helping the farmers who supply us to improve their water efficiency.

What are the main components of your water risk management strategy?

Lopez: I actually don't like the notion of "managing" risk. We are in the business of delighting our consumers with tasty and healthy food and beverages. We also want to give our consumers the guarantee that these products have been made with the lowest possible environmental footprint, while contributing to rural development and helping farmers to lead a better life. In doing this you cannot have a "risk management" attitude, but you have to be guided by the principle of doing the right things. That's why water is such an integral part of the way we do business at Nestlé, and an explicit component of any new project, product or process.

Can you give us an example of an operation where water risk was such that you were forced to modify your processes or had to engage your suppliers?

Lopez: In the Piacenza and Parma regions of Italy water has become scarcer. Nestlé Italia decided to engage with its tomato suppliers to secure its supply and reduce the amount of fresh water used for irrigation. The three-year project with Consorzio Interregionale Ortofrutticoli, a cooperative of tomato farmers, aims to maximize tomato production and optimize irrigation in 10 pilot farms with different soil conditions, by using solar-powered Soil Moisture Monitoring technology. Data at root level is collected daily and used to provide the exact amount of water needed to optimize crop revenue and water use. Additional farmers are now keen to join the project: yields have nearly doubled, the tomato quality has improved by 15% and the water used to produce one ton of tomatoes has fallen by 45%. This is just one of the examples of different stakeholders working together in a win-win situation, creating shared value for all.

"Water is such an integral part of the way we do business at Nestlé, and an explicit component of any new project, product or process."

Besides water-related risks, what are currently the most important sustainability challenges Nestlé is confronted with?

Lopez: The effort to minimize our environmental impact goes well beyond water. Nestlé has various programs in place to continuously improve its environmental performance. All of our factories are ISO 14001 certified. We've reduced packaging materials by more than 400,000 tonnes since 1990, when we launched our dedicated packaging optimization program, incidentally saving some CHF 700 million. Since 2000, we have increased our production volume by 63%. At the same time we've reduced water withdrawal in absolute terms by 33% and greenhouse gas emissions from our factories by 16%. While we prefer to let our past performance speak louder than future targets, you can rest assured that our improvement ambitions are well in line with the resource and environmental challenges the world is facing.

In a world of increasing urbanization food must be produced and brought to the consumers in the most efficient way. We are determined to further build highly efficient value chains, and use the most appropriate technologies to ensure we delight our consumer with the tastiest and healthiest products that also have the best environmental performance.

Nestlé has participated in SAM Corporate Sustainability Assessment for more than 10 years. Do you see benefits in participating year after year? What are they?

Lopez: SAM recognized early on that, to assess the long term performance of companies, we have to go beyond traditional financial considerations provided by markets. For over ten years now, we have fully supported the integration of Environmental, Social and Governance (ESG) factors within the investment decision process, as is now championed by the UN PRI. Indeed, we are proud of our ESG performance and strive to be transparent and open to our stakeholders. In this respect, each year we post the full, unabbreviated SAM sustainability questionnaire of our company on our external website. This sits alongside past and present reports which describe and review our commitment to Creating Shared Value (CSV). CSV is our way of doing business and focuses on three areas where we believe we can have a positive and meaningful impact on society as a whole: nutrition, water and rural development (www.nestle.com/CSV).

As a final comment, let me say that we have also found participation in SAM's assessment process a worthwhile exercise to help benchmark ourselves against other best-in-class corporations in our effort to remain at the cutting edge of ESG performance.

"We are proud of our ESG performance and strive to be transparent and open to our stakeholders."

A close-up photograph of a ship's hull, showing a white upper section, a blue middle section, and a reddish-brown lower section. The hull is marked with '5M' in black on the white section, '50' in black on the blue section, '4M' in black on the reddish-brown section, and '20' in black on a dark blue section at the bottom. The hull is made of metal with visible rivets and some rust. The background is a clear blue sky.

5M

2 WHAT INVESTORS SHOULD KNOW ABOUT THE SAM CORPORATE SUSTAINABILITY ASSESSMENT

2. What investors should know about the SAM Corporate Sustainability Assessment

SAM is regularly asked about its Corporate Sustainability Assessment, which determines the companies that are eligible for inclusion in The Sustainability Yearbook. Head of Research Daniel Wild offers detailed explanations in response to investors' most frequent questions on the topic.



Daniel Wild, PhD
Head of Research

What is the SAM Corporate Sustainability Assessment, and how was it developed?

Daniel Wild: SAM has always believed that financial analysis is not complete if it ignores material extra-financial factors. Sustainability trends such as resource scarcity, climate change or an aging population continuously reshape the competitive business environment. We are convinced that companies adapting to these challenges will be more successful in the long run. The SAM Corporate Sustainability Assessment (CSA) is our primary tool for identifying companies that are better equipped to identify and respond to emerging opportunities and risks presented by global trends. We conduct the assessment each year through an online questionnaire.

The analytical framework was established in 1999. Back then, our approach already used an integrated, analytical methodology focusing on quantitative and qualitative metrics that we identified as crucial to value creation.

What exactly do you assess?

Wild: Each year, we invite the 2,500 largest companies in terms of free float market capitalization from all sectors to participate in the CSA and report on their sustainability performance. The CSA consists of an in-depth analysis featuring about 100 questions on economic, environmental and social issues with a focus on companies' long-term value creation. More than 50 percent of the questions cover industry-specific risks and opportunities. Many factors require a comparison of absolute values within the context of a specific sector. Take a company's carbon emissions: clearly, the emissions levels produced by service providers can't be compared to those of energy-intensive manufacturing companies. This focus on industry-specific criteria reflects our conviction that sector-specific sustainability opportunities and risks play a key role in companies' long-term success.

What are the results of the assessment, and how are they used?

“Financial analysis must consider extra financial factors such as resource scarcity, climate change or an aging population, which reshape the competitive business environment.”

Wild: Based on the information submitted through the CSA, each company receives a sustainability score, which is used as the basis for the construction of the family of Dow Jones Sustainability Indexes (DJSI). The results of the assessment also determine the companies that are included in The Sustainability Yearbook – a reference of the world's sustainability leaders. As a key component of our investment process, we systematically integrate the sustainability information into our proprietary company valuation models for our clients' investment strategies. More recently, our parent company, Robeco, has also begun to incorporate information obtained through the CSA into its investment strategies as part of its broad efforts to implement responsible investing practices across its product range.

How do you decide what issues to focus on?

Wild: Our research team continuously monitors emerging trends and adapts the metrics accordingly. As a general rule, we focus on sustainability issues that are most likely to have a material impact on the company's financial performance. We also rely on our financial expertise to determine which sustainability issues can have an impact on financial performance.

All analysts are assigned to specific industries, and based on their knowledge of industry-specific dynamics, they decide each year what changes should be implemented in the questionnaires for industries they cover. Our in-depth exchanges with think tanks, universities and sustainability stakeholders, help ensure that our analysis incorporates the latest academic and scientific findings and takes into account current political and social developments. For instance, water scarcity is increas-

ingly becoming a business relevant challenge. Therefore we developed specific metrics to measure companies' management of water-related risks. In addition to measuring companies' exposure to these risks, we also evaluated the actions required to mitigate such risks. Our view is that companies that proactively address water-related risks are more innovative and demonstrate better value creation.

For last year's assessment, we also updated the corporate citizenship/philanthropy, customer relationship management and occupational health & safety criteria to reflect key lessons learned from the past.

What type of information do you try to capture and which sources do you use?

Wild: We look for evidence of companies' awareness of sustainability issues and for indications that they have implemented strategies to address these issues. We also look at their progress in implementing such strategies and the quality of reporting on these issues. Therefore the questions are structured to focus on the following elements: policies and processes, implementation through appropriate management systems, monitoring, performance indicators and reporting practices.

We require companies to provide supporting evidence in the form of company documentation on processes and management systems, ranging from corporate sustainability and environmental reports, health & safety reports to annual financial reports. We also examine a broad range of relevant documentation covering intellectual capital management, corporate governance, R&D and employee relations.

“Our in-depth exchanges with think tanks, universities and sustainability stakeholders, help ensure that our analysis incorporates the latest academic and scientific findings and takes into account current political and social developments.”

Finally, the MSA process (MSA = Media and Stakeholder Analysis) is an integral part of the assessment in which we analyze media coverage, stakeholder commentaries and other publicly available information on an ongoing basis in order to identify companies' involvement in environmental, economic and social crisis situations that can have a damaging effect on their reputation and core business. We also use the MSA to monitor and evaluate the quality the companies' response to such situations.

How does SAM respond to the risk that companies will optimize their reporting practices over time, but not their actual sustainability ("greenwashing")?

Wild: That's a challenge we are very aware of and are actively addressing. For example, we are calling for stricter, standardized and audited corporate sustainability reporting. In addition, we carry out plausibility checks of the information we receive from participating companies – for example, by checking this information against other sources. Finally, we require a supervisory board member to sign the submitted SAM Corporate Sustainability Assessment, vouching for the accuracy of the information provided. However, our method – like the method of traditional research institutions – relies on the honesty of the information providers. In addition, as I mentioned earlier, we continuously raise the sustainability bar for companies by adding new questions to the assessment to reflect new sustainability issues and removing those that have become "mainstream" and therefore represent industry standards that have been adopted by most companies. This helps us to avoid rewarding only those companies that have merely gotten better at "ticking the right boxes."

"We continuously raise the sustainability bar for companies by adding new questions to the assessment to reflect new sustainability issues."

How do you verify the information you receive?

Wild: To ensure the quality and, above all, the objective nature of the CSA, we carefully check companies' responses against corporate reports. In addition, Deloitte carries out an additional external audit each year to examine the accuracy of the assessment process performed by SAM.

Which criteria does a company have to meet to be included in The Sustainability Yearbook?

Wild: Only the top 15% of participating companies with a minimum total score of at least 60% of the score of the SAM Sector Leader in each of the 58 sectors qualify for inclusion in The Sustainability Yearbook.

Why aren't controversial sectors such as oil or energy excluded from The Sustainability Yearbook as a matter of principle?

Wild: Companies across all sectors now compete with their peers for inclusion in The Sustainability Yearbook. Often, companies are excluded from the yearbook or the DJSI simply because they have not improved as much as some of their peers. If we were to exclude entire industries, companies in those industries would no longer have an incentive to intensify their sustainability initiatives. More importantly, by engaging with companies in these so-called controversial industries during the course of our sustainability assessment, we maintain our ability to encourage those industries as a whole to become more sustainable. If we were to exclude them from the CSA, we would effectively be shutting the door to any meaningful dialogue. By motivating companies to compete for inclusion, a representa-

tion of all sectors ultimately yields the greatest benefits – for investors, society and the environment.

How do companies benefit from participating in the SAM Corporate Sustainability Assessment?

Wild: Companies participating in the assessment have the opportunity to receive special recognition for their sustainability achievements. The best companies from each sector qualify as a "SAM Sector Leader," and those firms from each sector that have shown the greatest relative improvement in their sustainability performance are given the distinction of "SAM Sector Mover." Companies are therefore increasingly recognizing the reputational benefits of being included in The Sustainability Yearbook and the DJSI, and thus have an incentive to improve their sustainability practices.

In addition, participating companies receive a benchmarking report that compares their sustainability performance to that of their industry peers. Feedback from these companies shows that the opportunity to see where they stand in comparison to their peers is highly estimated. Firms also use our assessment to identify gaps and initiate improvements in their business practices.

What role does the CSA play in SAM's investment processes?

Wild: As I mentioned earlier, the CSA results in a sustainability score for each company, measured against its industry peers. These scores are systematically integrated into our investment process to determine the companies' fair value. We do this because we are convinced that sustainability performance has an impact on companies' intrinsic value

and that financial markets will reward companies that can gain competitive advantages as a result of their superior sustainability profile.

In addition to providing a framework for quantifying the sustainability performance of participating companies, the CSA enables us to collect a wealth of qualitative information on material sustainability factors and company best practices. This provides us with added insights that allow us to focus on long-term issues during company visits and our discussions with company management.

In addition, the insights we gather through the CSA help us to assess companies' exposures to specific risks such as governance conflicts, water scarcity at their production sites or stricter labor practice rules.

How do you use a company's sustainability performance to help you determine its intrinsic value?

Wild: We use both a qualitative and quantitative approach to integrating sustainability information into the SAM valuation model. Our assessment serves as a proxy for measuring management quality, which encompasses a company's ability to mitigate risks and seize business opportunities, meaning that corporate sustainability performance will ultimately affect a company's revenues, costs and reinvestment rates. Therefore, we expect companies with a high sustainability score to enjoy a higher operational efficiency (also known as return on invested capital) and/or a lower cost of capital. Thus, based on a company's sustainability score, we adjust the amount of free cash flow the company is expected to generate as well as its weighted average cost of capital.

"Firms also use our assessment to identify gaps and initiate improvements in their business practices."

“A quantitative analysis of the historical sustainability data we have collected over the years reveals that an investment strategy that selects sustainability leaders and avoids sustainability laggards contributes to superior long-term investment results.”

In what way?

Wild: For example, a company that pursues a superior human capital development policy relative to its peers may benefit from greater employee motivation and employee satisfaction. This will translate into superior operational efficiency and sales growth, which will in turn lead to rising free cash flow to the company, ultimately having a positive impact on a company's fair value.

How solid is the evidence backing up your conviction that sustainability impacts companies' intrinsic value?

Wild: Our belief in the impact of above-average sustainability performance on a company's financial valuation is backed by the results of empirical

research obtained through partnerships with universities and our own in-house analysis. A quantitative analysis of the historical sustainability data we have collected over the years reveals that an investment strategy that selects sustainability leaders and avoids sustainability laggards contributes to superior long-term investment results with improved risk/return profiles.

Importantly, companies themselves are clearly accepting the importance of corporate sustainability management for their business success: we are very pleased to see that over the years, the participation rate in the assessment has steadily grown. On behalf of SAM, I would like to take this opportunity to thank all participating companies for their important contribution to our assessment.

A photograph of a green glass bottle lying on a sandy beach. The bottle is partially submerged in the surf, with white foam washing over it. In the background, the ocean stretches to the horizon under a bright blue sky with scattered white clouds. The overall scene suggests environmental pollution or waste management.

3 UNITED NATIONS PRINCIPLES FOR RESPONSIBLE INVESTMENT AND SAM'S APPROACH TO ENGAGEMENT

3 United Nations Principles for Responsible Investment and SAM's Approach to Engagement

Sustainability Investing has been SAM's exclusive focus since the firm's founding in 1995. As a specialized investment boutique with an explicit focus on incorporating sustainability considerations into its investment strategies, SAM's mission is to translate sustainability foresight into outstanding investment results.

Given our ambition to set the standard for Sustainability Investing, SAM has been a signatory of the UN Principles for Responsible Investment

(UN PRI) since 2007. Such an initiative is aligned with SAM's vision and serves as an excellent platform bringing together key players in the financial industry – asset owners and investment managers alike – enabling them to take concrete action to further align their business and investment decisions with stated long-term performance objectives.

As a signatory of the UN PRI, SAM strives to continuously improve on its implementation of the six Principles.

THE UNITED NATIONS PRINCIPLES FOR RESPONSIBLE INVESTMENT

1. We will incorporate ESG (environmental, social, governance) issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress toward implementing the Principles

Our approach provides an effective way to maintain an ongoing dialogue with senior management within companies.

SAM considers the UN PRI annual Reporting and Assessment Survey to be a valuable learning tool helping signatories to measure their progress in implementing the six Principles.

SAM is pleased to see that its efforts over the last year have shown positive results. According to the

Individual Feedback Report on SAM's response to the 2010 PRI Reporting and Assessment Survey, SAM has shown progress across most Principles.

We are particularly pleased with SAM's progress on Principle 2 (Active Ownership & Engagement). Our move from the second quartile in 2009 to the top

quartile in 2010 reflects the increasing recognition of SAM's annual Corporate Sustainability Assessment and the Dow Jones Sustainability Indexes as an important engagement platform. Encouraging change is never an easy task and can be particularly challenging in large and well-established corporations. SAM's strategy has been to act as a catalyst for change by leveraging market forces, namely the competitive pressure resulting from our peer benchmarking analysis and the incentive for companies to become more attractive to investors by demonstrating best practices in the way they manage sustainability-related issues.

SAM's unique approach to engagement starts with a comprehensive annual Corporate Sustainability Assessment to measure companies' sustainability performance. This serves as a platform for ongoing engagement that is structured, rigorous, and has a broad reach. The assessment provides SAM with a vehicle to communicate investors' expectations to companies regarding sustainability issues we believe could have an impact on financial performance. Each sustainability issue included in our

assessment represents an area where we seek to identify best practices and encourage companies to improve their performance. Each year, our questionnaire reaches the 2,500 largest companies worldwide, with close to 700 companies actively participating in the assessment.

Our approach, based on the annual SAM Corporate Sustainability Assessment, opens a direct communication channel with senior management and is an effective way to maintain an ongoing dialogue with change agents within companies. As a result, SAM's research analysts have developed long-standing relationships with the participating companies over the years. This allows us to continually refine the assessment process.

By enabling us to engage with sustainability leaders as well as companies that aspire to become sustainability leaders, the SAM Corporate Sustainability Assessment process sets high standards for all companies within each industry. In addition, it has an indirect impact on the laggards by putting competitive forces into play.



UN PRI Disclosure

Scores have been calculated based on signatories' self-assessment and using the scoring methodology approved by the PRI Assessment Group. Although a limited verification exercise was undertaken with a proportion of signatories, responses have not been independently audited by the PRI Secretariat, PRI Assessment Group, or any other third party. Individual results including comparisons to the overall results (quartiles) are indicative and do not imply an endorsement of signatory activity. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error, omission or inaccuracy in this information.

Each year, we communicate the results of our engagement efforts through the publication of The Sustainability Yearbook and through the announcement of the components of the Dow Jones Sustainability Indexes. The Sustainability Yearbook is one of the world's most comprehensive annual publications on sustainability trends and corporate sustainability performance covering 58 industry sectors. Only the top 15% in each of the 58 SAM sectors qualify for inclusion in The Sustainability Yearbook. The best companies from each sector are named "SAM Sector Leaders". Those firms from each sector that have shown the greatest relative

improvement in their sustainability performance are given the distinction of "SAM Sector Mover".

As a leader in Sustainability Investing, SAM is committed to promoting the integration of sustainability considerations into investment decisions across the financial industry and to sharing its experiences in implementing the six Principles with its industry peers. Therefore, SAM has made its full response to the 2010 PRI Reporting and Assessment Survey publicly available on the UN PRI website. To access SAM's response to the PRI Survey, please access the link via:

www.sam-group.com/unpri

Further Reading

Please find below links to additional information on SAM's Sustainability Foresight that might be of interest to you.

www.sam-group.com/yearbook

SAM Study: Water: a market of the future

The study demonstrates that the global water market continues to experience above-average growth rates. The current overall size of the market is estimated at USD 480 billion, with an expected annual growth rate of 6.2% over the next five years. Assuming no countermeasures are taken, SAM's analyses indicate that water consumption will reach about 6,500 billion km³ by 2030, resulting in a significant supply shortage. Therefore, a sustainable approach to the water industry is needed. Companies that offer solutions through innovative products will not only help the global water situation, but profit as well.

To download, please go to www.sam-group.com/yearbook



SAM Study Summary: Sustainable Investing in Forestry

Forestry investments represent a sustainable asset class whose investment universe and potential have yet to be fully tapped. Find out how investors can benefit from the compelling long-term fundamentals of this emerging asset class.

To download, please go to www.sam-group.com/yearbook



Brochure: Dow Jones Sustainability Indexes – Setting the Standard for Sustainability Investing

As the first ever family of global sustainability benchmarks, the Dow Jones Sustainability Indexes (DJSI) have become the key reference point in Sustainability Investing. Based on SAM's annual Corporate Sustainability Assessment, the DJSI today comprise global and regional benchmarks as well as subsets that allow investors to exclude certain sectors or create customized indexes. Our new brochure explains how the DJSI enable investors to generate alpha from sustainability while providing an effective engagement platform for the promotion of sustainable business practices.

To download, please go to www.sam-group.com/yearbook



SAM Insight: The trend toward Clean Tech

While Clean Tech private equity has not been immune to the financial crisis, momentum in the Clean Tech sector remains robust, and recessionary vintage years often produce the best returns in private equity. Turn to our latest SAM Insight to find out why SAM Private Equity believes that the sector currently offers attractive investment opportunities.

To download, please go to www.sam-group.com/yearbook



4 SAM SECTOR LEADERS 2011



4. SAM Sector Leaders 2011

Company Leaders	Sector	Country
Air France-KLM	Airlines	France
Alcoa Inc.	Aluminum	United States
AMEC plc	Oil Equipment & Services	United Kingdom
Amorepacific Corp.	Personal Products	South Korea
Au Optronics Corp.	Computer Hardware & Electronic Office Equipment	Taiwan
Australia & New Zealand Banking Group Ltd.	Banks	Australia
Baxter International Inc.	Medical Products	United States
Benesse Holdings Inc.	Specialized Consumer Services	Japan
BMW AG	Automobiles	Germany
Caterpillar Inc.	Industrial Engineering	United States
DSM N.V.	Chemicals	Netherlands
EDP-Energias de Portugal S.A.	Electricity	Portugal
Electrolux AB Series B	Durable Household Products	Sweden
Gamesa Corporacion Tecnologica S.A.	Alternative Energy	Spain
Gas Natural Fenosa S.A.	Gas Distribution	Spain
GPT Group	Real Estate	Australia
Henkel AG & Co. KGaA	Nondurable Household Products	Germany
Herman Miller Inc.	Furnishing	United States
Hyundai Engineering & Construction Co., Ltd.	Heavy Construction	South Korea
Indra Sistemas S.A.	Computer Services & Internet	Spain
Itausa-Investimentos Itau S/A	Financial Services	Brazil
J Sainsbury plc	Food & Drug Retailers	United Kingdom
KT&G Corp.	Tobacco	South Korea
Lotte Shopping Co., Ltd.	General Retailers	South Korea
Marubeni Corp.	Support Services	Japan
MeadWestvaco Corp.	Containers & Packaging	United States
MTR Corp. Ltd.	Travel & Tourism	Hong Kong
Nalco Holding Co.	Waste & Disposal Services	United States
Nokia Corp.	Communication Technology	Finland
Novozymes A/S	Biotechnology	Denmark
Panasonic Corp.	Leisure Goods	Japan
Panasonic Electric Works Co. Ltd.	Building Materials & Fixtures	Japan
Pearson plc	Media	United Kingdom
PepsiCo Inc.	Beverages	United States
Pirelli & C. S.p.A.	Auto Parts & Tires	Italy
POSCO	Steel	South Korea
Puma AG	Clothing, Accessories & Footwear	Germany
Roche Holding AG	Pharmaceuticals	Switzerland

Company Leaders	Sector	Country
Rolls-Royce Group PLC	Aerospace & Defense	United Kingdom
Samsung Electro-Mechanics Co., Ltd.	Electric Components & Equipment	South Korea
Samsung SDI Co. Ltd.	Electronic Equipment	South Korea
SAP AG	Software	Germany
Sasol Ltd.	Oil & Gas Producers	South Africa
Siemens AG	Diversified Industrials	Germany
SK Telecom Co., Ltd.	Mobile Telecommunications	South Korea
Sodexo S.A.	Hotels, Restaurants, Bars & Recreational Services	France
Stora Enso Oyj	Forestry & Paper	Finland
Sumitomo Forestry Co., Ltd.	Home Construction	Japan
Swiss Re	Insurance	Switzerland
TABCorp Holdings Ltd.	Gambling	Australia
Taiwan Semiconductor Manufacturing Co. Ltd.	Semiconductors	Taiwan
Telefonica S.A.	Fixed Line Communications	Spain
TNT N.V.	Industrial Transportation	Netherlands
TransCanada Corp.	Pipelines	Canada
Unilever	Food Producers	Netherlands
United Utilities Group plc	Water	United Kingdom
UnitedHealth Group Inc.	Healthcare Providers	United States
Xstrata plc	Mining	United Kingdom

5 SAM SECTOR MOVERS 2011



5. SAM Sector Movers 2011

Company Movers	Sector	Country
Agnico-Eagle Mines Ltd.	Mining	Canada
Alcatel-Lucent	Communication Technology	France
Alcoa Inc.	Aluminum	United States
Amorepacific Corp.	Personal Products	South Korea
ArcelorMittal	Steel	Luxembourg
Atlantia S.p.A.	Industrial Transportation	Italy
Au Optronics Corp.	Computer Hardware & Electronic Office Equipment	Taiwan
Benesse Holdings Inc.	Specialized Consumer Services	Japan
BMW AG	Automobiles	Germany
Coloplast A/S	Medical Products	Denmark
Diageo PLC	Beverages	United Kingdom
Duke Energy Corp.	Electricity	United States
Finmeccanica S.p.A.	Aerospace & Defense	Italy
Fresenius Medical Care AG & Co. KGaA	Healthcare Providers	Germany
Genzyme Corp.	Biotechnology	United States
Grupo Nacional de Chocolates S.A.	Food Producers	Colombia
GS Engineering & Construction Corp.	Heavy Construction	South Korea
Henkel AG & Co. KGaA	Nondurable Household Products	Germany
Herman Miller Inc.	Furnishing	United States
Iberia Lineas Aereas de Espana S.A.	Airlines	Spain
Indra Sistemas S.A.	Computer Services & Internet	Spain
Ingersoll-Rand plc	Industrial Engineering	United States
Intesa Sanpaolo S.p.A.	Banks	Italy
KPN N.V.	Fixed Line Communications	Netherlands
KT&G Corp.	Tobacco	South Korea
LG Electronics Inc.	Leisure Goods	South Korea
Lotte Shopping Co., Ltd.	General Retailers	South Korea
LVMH Moet Hennessy Louis Vuitton	Clothing, Accessories & Footwear	France
Mapfre S.A.	Insurance	Spain
McDonald's Corp.	Hotels, Restaurants, Bars & Recreational Services	United States
Merck & Co.	Pharmaceuticals	United States
Mitsui & Co. Ltd.	Support Services	Japan
Nalco Holding Co.	Waste & Disposal Services	United States
NSK Ltd.	Auto Parts & Tires	Japan
Owens Corning	Building Materials & Fixtures	United States
Owens-Illinois Inc.	Containers & Packaging	United States
Praxair Inc.	Chemicals	United States
Reed Elsevier PLC	Media	United Kingdom

Company Movers	Sector	Country
Safeway Inc.	Food & Drug Retailers	United States
Samsung Electro-Mechanics Co., Ltd.	Electric Components & Equipment	South Korea
Samsung Electronics Co., Ltd.	Semiconductors	South Korea
Samsung Securities Co., Ltd.	Financial Services	South Korea
Schlumberger Ltd.	Oil Equipment & Services	United States
Siemens AG	Diversified Industrials	Germany
SK Telecom Co., Ltd.	Mobile Telecommunications	South Korea
S-Oil Corp.	Oil & Gas Producers	South Korea
Spectra Energy Corp.	Gas Distribution	United States
Stockland	Real Estate	Australia
Stora Enso Oyj	Forestry & Paper	Finland
Sumitomo Forestry Co., Ltd.	Home Construction	Japan
TABCorp Holdings Ltd.	Gambling	Australia
TransCanada Corp.	Pipelines	Canada
Trend Micro Inc.	Software	Japan
TUI AG	Travel & Tourism	Germany
United Utilities Group plc	Water	United Kingdom
Vestas Wind Systems A/S	Alternative Energy	Denmark
Whirlpool Corporation	Durable Household Products	United States
Yokogawa Electric Corp.	Electronic Equipment	Japan

References to specific holdings are presented to illustrate our investment philosophy and are not to be considered recommendations. The specific securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients. It should not be assumed that an investment in these securities was or will be profitable.

6 SECTOR INSIGHTS: 58 SECTORS AT A GLANCE



6. Sector Insights: 58 Sectors at a Glance

Since 1999, SAM has been assessing and documenting the sustainability performance of over 1,200 corporations on a yearly basis. In the process, SAM has compiled one of the largest global database on corporate sustainability.

The world's 2,500 largest companies (based on the Dow Jones Global Total Stock Market Index) are invited to participate in SAM's Corporate Sustainability Assessment every year. Only the top 15% with a minimum total score of at least 60% of the score of the SAM Sector Leader in each of the 58 SAM sectors qualify for inclusion in the Sustainability Yearbook.

On the following pages, SAM presents insights into the 58 sectors analyzed. Opportunities and risks deriving from economic, environmental and social trends and developments that impact the competitive position of companies have been identified. SAM not only lists the leading companies, but also classifies them into three categories (SAM Gold Class, SAM Silver Class and SAM Bronze Class) and identifies Sector Leaders and Sector Movers.



In each sector, the SAM Sector Leader is identified as the company best prepared to seize the opportunities and manage the risks deriving from economic, environmental and social developments. The SAM Sector Leader is the company with the best score of all companies assessed in this sector.



Within the top 15% of each sector, the title of SAM Sector Mover is awarded to the company that achieved the biggest proportional improvement in its sustainability performance compared with last year.



To qualify for the SAM Gold Class, the SAM Sector Leader must achieve a minimum total score of 75%. Peer group companies whose total score is within 5% of the SAM Sector Leader are also awarded

SAM Gold Class. A score up to 10% lower than the leader results in SAM Silver Class, a score up to 15% lower than the leader results in SAM Bronze Class.



To qualify for the SAM Silver Class, the SAM Sector Leader must achieve a total score in the range of 70-75%. Peer group companies whose total score is within 5% of the SAM Sector Leader are also awarded SAM Silver Class, while a score of 10% lower than the leader results in SAM Bronze Class.



To qualify for the SAM Bronze Class, the SAM Sector Leader must achieve a total score in the range of 65-70%. Peer group companies whose total score is within 5% of the SAM Sector Leader are also awarded SAM Bronze Class.



SUSTAINABILITY LEADERS 2010/2011

As of December, 2010

	Company	Country
SAM Gold Class	Company*	Country
	Company	Country
SAM Silver Class	Company	Country
	Company**	Country
SAM Bronze Class	Company	Country
	Company	Country
	Company	Country
	Company	Country

Out of the total of 409 companies included in this yearbook, the following awards were given:

- 103 SAM Gold Class
- 92 SAM Silver Class
- 77 SAM Bronze Class

* SAM Sector Leader
**SAM Sector Mover

The SAM Sector Leader appears at the top of the table.
The other companies follow in alphabetical order.



Reading Instructions

This paragraph provides information on how to read the various sections in the following Sector Insights.

DRIVING FORCES

This section describes current and future challenges for the competitive positioning of companies within their sector.

SECTOR STATISTICS

This section displays the research coverage in 2010 for the respective sector within the SAM Company Universe.

SECTOR-SPECIFIC CRITERIA

This section lists all sector-specific criteria that are applied in the SAM Corporate Sustainability Assessment 2010 in addition to the general criteria.

RESULTS AT SECTOR LEVEL

This section shows an overview of the SAM Corporate Sustainability Assessment 2010 scores. The average and best scores of the assessed companies in the respective sector are displayed, as well as the weighted aggregated total score across all three dimensions – economic, environmental and social. The weighting of the three dimensions relative to the total score is also shown.

SUSTAINABILITY LEADERS 2010/2011

See previous page for detailed information on this table.



Aerospace & Defense

DRIVING FORCES

In light of increasing costs faced by the airline sector, commercial aircraft manufacturers play a key role in the development and provision of energy-efficient products and technologies. Further, as the carbon emissions issue continues to gain importance and affect the airline sector, the need to develop more carbon-efficient engines will drive R&D efforts. In addition, the global war on terror has led to a paradigm shift in the nature and conduct of warfare, which is likely to benefit the defense sector. Sector players are responding to the new security challenges by reinventing themselves, and may evolve into integrators of weapons systems to maximize flexibility of production. However, companies involved in the defense business should be prepared to deal with reputational risks related to human rights violations and arms exports to untrustworthy regimes. To secure their operating licenses, businesses will increasingly have to align with their own governments' foreign policies while ensuring ethical sales and product tracking practices.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Compliance with Applicable Export Control Regimes
- Customer Relationship Management
- Innovation Management

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Environmental Policy/Management System
- Operational Eco-Efficiency
- Product Impact
- Product Stewardship

SOCIAL DIMENSION

- Occupational Health & Safety
- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Rolls-Royce Group plc*	United Kingdom
	Embraer-Empresa Brasileira de Aeronautica S.A.	Brazil
	Finmeccanica S.p.A.**	Italy
SAM Silver Class	United Technologies Corp.	United States
SAM Bronze Class	Bombardier Inc.	Canada

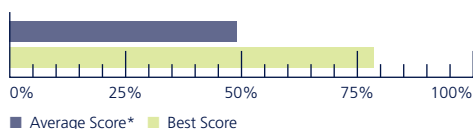
* SAM Sector Leader
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	30
Number of companies assessed by SAM in 2010	18
Assessed companies to total companies in universe (%)	60
Market capitalization of assessed companies to total market capitalization (%)	88

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	60%	84%	32%
Environmental	42%	91%	27%
Social	45%	75%	41%

*Average score of all assessed companies in the sector



Airlines

DRIVING FORCES

The airline industry has transformed lifestyles and business by shortening travel time and altering the concept of distance, providing easy access to remote areas. It facilitates economic growth, world trade, international investment and tourism, and is therefore central to the process of globalization occurring in many other industries. As a cyclical sector, the airline industry is occasionally faced with overcapacity and thus poor profitability. Increases in fuel prices over the last few years have put immense pressure on the industry. Although oil prices have stabilized for the time being, airlines have come under increasing pressure to reduce their environmental impact, particularly in terms of CO₂ emissions. As a result, advanced aircraft technology (low average fleet age and modern engines) and maintenance systems as well as optimized route structures and high capacity utilization are key to airline companies' long-term success. Other sectoral challenges include rising labor and airport usage costs. Despite all this, the industry has continued along the path toward globalization and consolidation through the establishment of alliances and partnerships between airlines.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Brand Management
- Customer Relationship Management
- Efficiency
- Reliability

ENVIRONMENTAL DIMENSION

- Environmental Policy/ Management System
- Fleet Age
- Local Air Quality
- Operational Eco-Efficiency
- Route Network

SOCIAL DIMENSION

- Noise
- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Air France-KLM*	France
	Iberia Lineas Aereas de Espana S.A.**	Spain
SAM Silver Class	Deutsche Lufthansa AG	Germany

* SAM Sector Leader

**SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	19
Number of companies assessed by SAM in 2010	13
Assessed companies to total companies in universe (%)	68
Market capitalization of assessed companies to total market capitalization (%)	79

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	56%	88%	36%
Environmental	56%	90%	30%
Social	53%	76%	34%

*Average score of all assessed companies in the sector



Alternative Energy

DRIVING FORCES

The alternative energy segments will continue to benefit from strong regulatory support in both developed and emerging markets as governments around the world address issues such as the limited supply of traditional energy sources, climate change, and energy security. Going forward, we expect falling production costs to significantly boost the competitiveness of some technologies, particularly solar. More mature technologies, such as wind, still have some potential for efficiency improvements, but will otherwise mostly focus on improving the quality of turbines. Amid a strong regulatory environment and improving economic factors, we expect renewables to grow their share of the global power generation mix over the coming decades, while keeping up their innovative drive to increase efficiencies and develop new solutions. Given the growth of this sector, increasing attention should be paid to the way companies conduct their business activities and whether they manage their growth in a sustainable manner.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Customer Relationship Management
- Grid Parity

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Operational Eco-Efficiency
- Product Stewardship

SOCIAL DIMENSION

- Occupational Health & Safety
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Bronze Class	Gamesa Corporacion Tecnologica S.A.*	Spain
	Vestas Wind Systems A/S**	Denmark

* SAM Sector Leader

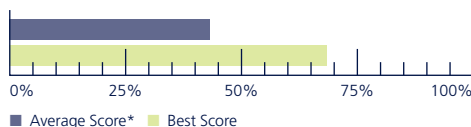
**SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	9
Number of companies assessed by SAM in 2010	5
Assessed companies to total companies in universe (%)	56
Market capitalization of assessed companies to total market capitalization (%)	79

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	51%	74%	34%
Environmental	34%	71%	29%
Social	43%	75%	37%

*Average score of all assessed companies in the sector



Aluminum

DRIVING FORCES

Two of the most pressing issues faced by the aluminum industry are climate change and increasing input costs, mainly energy. Although specific power consumption (MWh/t) has been halved over the past 10 years, the aluminum smelting process is still very energy intensive, particularly compared to steel smelting. This ecological disadvantage is partly offset by aluminum's significantly lower specific weight and the relatively moderate energy input required for aluminum recycling. The challenge remains to further decrease specific energy consumption and to reduce GHG emissions from anode consumption and anode effects. From a social perspective, the implementation of state-of-the-art stakeholder engagement processes are other important issues. Plans for mine closures have gained momentum and now require sophisticated modeling and structured stakeholder engagement activities. The questionnaire for this sector has been revised substantially last year following several feedback rounds with companies and industry bodies. SAM thanks all supporting organizations for their important contribution to this methodological refinement: The University of Queensland, Cardiff University, University of British Columbia, CSRP (Centre for Sustainable Resource Processing), RWTH Aachen, IAI, EAA, Centre for Social Responsibility in Mining, WWF, Oxfam, SMI.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Customer Relationship Management
- Materiality
- Transparency

ENVIRONMENTAL DIMENSION

- Biodiversity
- Climate Strategy
- Environmental Policy/ Management System
- Mineral Waste Management
- Operational Eco-Efficiency
- Water-Related Risks

SOCIAL DIMENSION

- Enabling Local Development
- Occupational Health & Safety
- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Alcoa Inc.*/**	United States

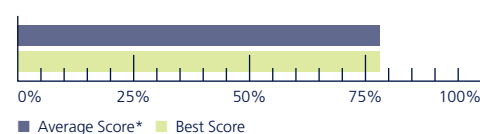
- * SAM Sector Leader
- ** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	5
Number of companies assessed by SAM in 2010	2
Assessed companies to total companies in universe (%)	40
Market capitalization of assessed companies to total market capitalization (%)	64

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	81%	81%	26%
Environmental	78%	81%	31%
Social	76%	80%	43%

*Average score of all assessed companies in the sector



Auto Parts & Tires

DRIVING FORCES

Given the keen competition in the automotive sector, suppliers of auto parts and tires must focus on offering appealing, high-quality products, preferably with environmental benefits. At the same time, companies must continually reduce their cost base to cope with the increasing margin pressure. Competitive pressure forces auto parts and tire companies to regularly launch new products. This, in turn, requires forward-looking human capital development policies as well as successful talent attraction and retention strategies. Among other challenges, companies must effectively manage their supply chain, as a bias toward low-cost countries increases exposure to human rights risks as well as other supply issues.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Innovation Management

ENVIRONMENTAL DIMENSION

- Climate Strategy
- CO₂ from Logistics
- Emission Products
- Environmental Policy/ Management System
- Operational Eco-Efficiency
- Product Stewardship

SOCIAL DIMENSION

- Occupational Health & Safety
- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Pirelli & C. S.p.A.*	Italy
	Johnson Controls Inc.	United States
SAM Silver Class	Michelin	France
	Denso Corp.	Japan
	NSK Ltd.**	Japan

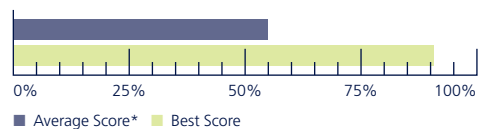
* SAM Sector Leader
 ** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	36
Number of companies assessed by SAM in 2010	16
Assessed companies to total companies in universe (%)	44
Market capitalization of assessed companies to total market capitalization (%)	67

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	58%	89%	23%
Environmental	55%	96%	37%
Social	52%	91%	40%

*Average score of all assessed companies in the sector



Automobiles

DRIVING FORCES

The key challenge facing the automotive sector is defining and implementing a clear market positioning strategy in an environment characterized by over-capacities, cut-throat competition and cost pressure (resulting from higher R&D and raw material costs). Given increasingly tight regulations on greenhouse gas emissions and air pollutants, as well as the sector's dependence on oil, carmakers need to improve the fuel and carbon efficiency of their product range by introducing alternative propulsion systems (such as electric engines). Talented, skilled and motivated employees play a key role in advancing companies' innovation pipeline, efficiency and production quality. Thus it is essential for companies to implement forward-looking human resources policies including talent attraction and retention, human capital development, occupational health & safety and the company-wide application of ethical principles.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Brand Management
- Innovation Management

ENVIRONMENTAL DIMENSION

- Climate Strategy
- CO₂ from Logistics
- Environmental Policy/ Management System
- Low Carbon Strategy
- Operational Eco-Efficiency
- Product Stewardship

SOCIAL DIMENSION

- Occupational Health & Safety
- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	BMW AG*/**	Germany
	Fiat S.p.A.	Italy
	Volkswagen AG	Germany
SAM Silver Class	Daimler AG	Germany
	Toyota Motor Corp.	Japan

* SAM Sector Leader
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	25
Number of companies assessed by SAM in 2010	16
Assessed companies to total companies in universe (%)	64
Market capitalization of assessed companies to total market capitalization (%)	92

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	71%	95%	26%
Environmental	75%	100%	35%
Social	65%	91%	39%

*Average score of all assessed companies in the sector



Banks

DRIVING FORCES

The banking sector remains under public scrutiny. In an environment in which banks need to restore their credibility and contribute to the stability of financial systems, leadership and accountability will be crucial for building a competitive advantage. Banks must adhere to international best-practice standards in the areas of corporate governance, risk management and compliance. Globalization, demographic shifts and climate change will continue to influence the business environment. Leading banks are integrating environmental and social aspects into their long-term corporate strategies and performance reviews. A multi-stakeholder approach to developing innovative and prudent financial services and products is essential. Motivated, highly qualified and experienced employees are essential to developing these financial services and products as well as promoting client attraction and retention. In addition, climate change and resource scarcity create new business opportunities for the banking sector, such as low-carbon mortgages, the financing of innovative sectors fostering the transition to a low-carbon economy or advisory services to SMEs keen to adopt environmentally friendly business practices.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Anti-Crime Policy/Measures
- Brand Management
- Customer Relationship Management
- Stakeholder Engagement

ENVIRONMENTAL DIMENSION

- Business Opportunities Financial Services/Products
- Business Risks Large Projects/Export Finance
- Climate Change Governance
- Environmental Footprint
- Environmental Policy/Management System

SOCIAL DIMENSION

- Controversial Issues, Dilemmas in Lending/Financing
- Financial Inclusion/Capacity Building
- Occupational Health & Safety
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country	Company	Country
SAM Gold Class	Australia & New Zealand Banking Group Ltd. *	Australia	Banca Monte dei Paschi di Siena S.p.A.	Italy
	Westpac Banking Corp.	Australia	Banco do Brasil S/A	Brazil
SAM Silver Class	Itau Unibanco Holding S.A.	Brazil	Banco Espirito Santo S/A	Portugal
	National Australia Bank Ltd.	Australia	Bank of Nova Scotia	Canada
SAM Bronze Class	Banco Bilbao Vizcaya Argentaria S.A.	Spain	BNP Paribas S.A.	France
	Banco Bradesco S/A	Brazil	Canadian Imperial Bank of Commerce	Canada
	Banco Santander S.A.	Spain	Citigroup Inc.	United States
	Barclays plc	United Kingdom	Credit Agricole S.A.	France
	Credit Suisse Group	Switzerland	Dexia S.A.	Belgium
	Deutsche Bank AG	Germany	Intesa Sanpaolo S.p.A.**	Italy
	DnB NOR ASA	Norway	Royal Bank of Canada	Canada
	HSBC Holdings plc	United Kingdom	Royal Bank of Scotland Group plc	United Kingdom
	Lloyds Banking Group plc	United Kingdom	Societe Generale S.A.	France
	Nedbank Group Ltd.	South Africa	UBS AG	Switzerland
	Standard Chartered plc	United Kingdom		

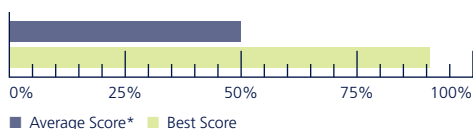
* SAM Sector Leader
**SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	196
Number of companies assessed by SAM in 2010	125
Assessed companies to total companies in universe (%)	64
Market capitalization of assessed companies to total market capitalization (%)	93

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	63%	97%	38%
Environmental	37%	88%	24%
Social	44%	87%	38%

*Average score of all assessed companies in the sector



Beverages

DRIVING FORCES

In the highly competitive beverage industry, only innovative companies can gain market share. Carbonated soft drinks make up the majority of non-alcoholic beverages but have been in decline for years as the market moves toward lower-calorie and healthier alternatives. Industry players are developing and marketing higher-quality and more diversified products to meet shifting consumer demands and new consumption patterns. Over the last few years, niche categories have been created and expanded. Innovative beverage companies can position themselves to tap these new market trends that often offer faster growth rates and higher margins. Emerging markets offer new opportunities where favorable demographic trends boost beverage consumption. Despite industry consolidation, large beverage companies are likely to continue to make acquisitions. Given the large proportion of calories that are consumed through beverages, the industry has faced increased scrutiny over its advertising and ingredients. Producers of alcoholic beverages face the challenge of implementing effective and responsible marketing strategies addressing these issues.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Brand Management
- Customer Relationship Management
- Health & Nutrition
- Innovation Management
- Strategy for Emerging Markets

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Environmental Policy/ Management System
- Genetically Modified Organisms
- Operational Eco-Efficiency
- Packaging
- Raw Material Sourcing
- Water-Related Risks

SOCIAL DIMENSION

- Occupational Health & Safety
- Responsibility for Alcoholic Products
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	PepsiCo Inc.*	United States
	The Coca-Cola Co.	United States
	Diageo plc**	United Kingdom
SAM Silver Class	Coca-Cola Hellenic Bottling Co. S.A.	Greece

* SAM Sector Leader

** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	28
Number of companies assessed by SAM in 2010	21
Assessed companies to total companies in universe (%)	75
Market capitalization of assessed companies to total market capitalization (%)	96

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	51%	80%	39%
Environmental	50%	81%	26%
Social	50%	75%	35%

*Average score of all assessed companies in the sector



Biotechnology

DRIVING FORCES

Companies in this sector make use of technologies based on biological systems to develop products and processes for medicine, agriculture and industry. The biotechnology sector is characterized by extensive R&D efforts and a high risk of product development failures. Innovation and intellectual property are key growth drivers. Given the industry's dependence on highly qualified employees, effective human capital management is a crucial success factor. Medical biotechnology companies face concerns about pricing, reimbursement and consumer access to their products. Other critical issues include global patent protection, pharmacogenomics and drug safety. In agriculture, consumer groups, farmers, NGOs and environmental activists have been vocal critics of biotechnological products (green biotechnology). Public mistrust centers on the production, release and use of genetically modified seeds and plants. The use of genetically modified organisms (GMOs) in closed systems and production processes in industrial applications (white biotechnology) to increase cost efficiency, speed, and/or yield receives far less criticism. Building and maintaining stakeholders' trust in its core technologies therefore represents a broad sustainability challenge for the biotechnology industry as a whole.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Customer Relationship Management
- Innovation Management
- Marketing Practices
- Research and Development

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Environmental Policy/ Management System
- Operational Eco-Efficiency

SOCIAL DIMENSION

- Addressing Cost Burden
- Bioethics
- Health Outcome Contribution
- Occupational Health & Safety
- Stakeholder Engagement
- Standards for Suppliers
- Strategy to Improve Access to Drugs or Products

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Novozymes A/S *	Denmark
	Life Technologies Corp.	United States
SAM Bronze Class	Biogen Idec Inc.	United States
	Genzyme Corp.**	United States

* SAM Sector Leader

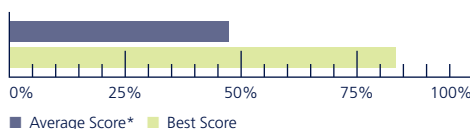
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	24
Number of companies assessed by SAM in 2010	14
Assessed companies to total companies in universe (%)	58
Market capitalization of assessed companies to total market capitalization (%)	86

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	59%	86%	40%
Environmental	38%	90%	10%
Social	40%	81%	50%

*Average score of all assessed companies in the sector



Building Materials & Fixtures

DRIVING FORCES

Growing awareness of environmental issues and new building methods, combined with rapid urbanization in emerging markets has made the building materials sector an increasingly dynamic industry. Environmentally friendly production and performance attributes such as energy efficiency of buildings and infrastructure are shaping the industry and markets it serves. The industry covers a diverse set of producers involved in the manufacture of materials used in the construction and refurbishment of buildings and structures. Due to the diverse nature of the industry, the competitive environment varies considerably. Cement manufacturing consumes a large amount of energy and is a prime source of greenhouse gas emissions. In addition to using alternative energy and reducing greenhouse gas emissions, building materials producers have to analyze environmental lifecycles and reuse/recycling options of their products. Building materials have become more sophisticated in response to advancing energy and water efficiency regulations as well as the need to integrate items such as solar cells. Going forward, the industry will therefore be even more knowledge-driven than in the past, with talent attraction, retention and development becoming an essential source of competitive advantage.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Antitrust Policy
- Customer Relationship Management

ENVIRONMENTAL DIMENSION

- Biodiversity
- Climate Strategy
- Environmental Policy/ Management System
- International Production Standards
- Operational Eco-Efficiency
- Recycling Strategy
- Transport and Logistics
- Water-Related Risks

SOCIAL DIMENSION

- Occupational Health & Safety
- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Panasonic Electric Works Co. Ltd.*	Japan
	Holcim Ltd.	Switzerland
	Siam Cement plc	Thailand
SAM Silver Class	CRH plc	Ireland
	Italcementi Group S.p.A. ¹⁾	Italy
	Lafarge S.A.	France
	Owens Corning**	United States
SAM Bronze Class	Boral Ltd.	Australia
	Geberit AG	Switzerland
	Weyerhaeuser Co.	United States

* SAM Sector Leader

** SAM Sector Mover

¹⁾ This company is not part of the largest 2,500 companies of the Dow Jones Global Stock Market Index

SECTOR STATISTICS

Number of companies in universe	48
Number of companies assessed by SAM in 2010	24
Assessed companies to total companies in universe (%)	50
Market capitalization of assessed companies to total market capitalization (%)	69

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	67%	89%	28%
Environmental	53%	89%	33%
Social	58%	84%	39%

*Average score of all assessed companies in the sector



Chemicals

DRIVING FORCES

The sector comprises companies that develop, manufacture and distribute specialty and commodity chemicals, plastics, industrial gases, agrochemicals and additives for the healthcare and wellness industries. The development of innovative processes and products has long been one of the chemical industry's key growth drivers. However, growing awareness of the environmental impacts of established chemical operations has resulted in legislative and consumer-driven pressure to implement stricter controls on environmental emissions. Exposure to occupational health risks requires continuous improvements in process safety to prevent work-related accidents. New product development requires the design of more sustainable processes involving (bio)catalyzed reactions and the replacement of traditional solvents and hazardous reagents with renewable raw materials. New product applications call for the implementation of a comprehensive product stewardship management system, which includes product databases and client/customer training. In such a knowledge-driven industrial environment, talent attraction and human capital development can be a source of competitive advantage. Building and maintaining stakeholders' trust in the industry's core and new technologies will remain a high priority.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Customer Relationship Management
- Innovation Management

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Environmental Policy/Management System
- Genetically Modified Organisms
- Operational Eco-Efficiency
- Product Stewardship

SOCIAL DIMENSION

- Occupational Health & Safety
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	DSM N.V.*	Netherlands
	Akzo Nobel N.V.	Netherlands
SAM Silver Class	BASF SE	Germany
	Bayer AG	Germany
	Dow Chemical Co.	United States
	Praxair Inc.**	United States
	Syngenta AG	Switzerland
	Teijin Ltd.	Japan
	SAM Bronze Class	Johnson Matthey plc
Potash Corp. of Saskatchewan Inc.		Canada
Rhodia S.A.		France
Air Products & Chemicals Inc.		United States
Linde AG		Germany
Toray Industries Inc.		Japan
Umicore S.A.		Belgium

* SAM Sector Leader

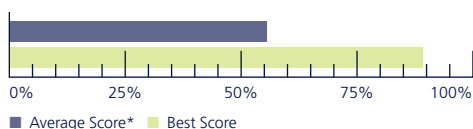
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	95
Number of companies assessed by SAM in 2010	58
Assessed companies to total companies in universe (%)	61
Market capitalization of assessed companies to total market capitalization (%)	84

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	57%	93%	28%
Environmental	60%	95%	35%
Social	50%	84%	37%

*Average score of all assessed companies in the sector



Clothing, Accessories & Footwear

DRIVING FORCES

The textile, footwear and accessories industry is characterized by limited growth in the major developed markets and product segments. Continuous product innovation and expansion into new markets will help alleviate this problem, but may require additional resources. Shorter product cycles require not only innovative marketing strategies, but also sound sourcing models. Additionally, the industry faces the challenge of integrating environmental considerations into product design and development. At the same time, companies must engage contractors and suppliers, actively monitor labor practices and disclose the results of their engagement to ensure fair working conditions in order to protect their reputation, and ultimately the value of the company and its brands.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Brand Management
- Innovation Management

ENVIRONMENTAL DIMENSION

- CO₂ from Logistics
- Environmental Policy/ Management System
- Operational Eco-Efficiency
- Product Stewardship

SOCIAL DIMENSION

- Occupational Health & Safety
- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Puma AG *	Germany
	adidas AG	Germany
	LVMH Moet Hennessy Louis Vuitton**	France
	Nike Inc.	United States
SAM Bronze Class	Li & Fung Ltd.	Hong Kong

* SAM Sector Leader
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	31
Number of companies assessed by SAM in 2010	17
Assessed companies to total companies in universe (%)	55
Market capitalization of assessed companies to total market capitalization (%)	80

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	62%	86%	29%
Environmental	50%	100%	22%
Social	52%	85%	49%

*Average score of all assessed companies in the sector



Communication Technology

DRIVING FORCES

Growing demand for integrated voice services and data applications has forced the communication equipment industry to initiate a major technology shift in fixed-line and mobile networks. As the number of portable devices connected to a network increases steadily both in developed and developing countries, major investments in additional telecommunication infrastructure are being planned and implemented. Growing awareness of the environmental impact of telecommunication infrastructure and devices over their entire lifecycle requires product designs that take into account the use of chemicals during production, energy efficiency, and the amount of waste generated. Further, take-back programs, greater modularity and extended producer responsibility are becoming increasingly relevant. Environmental and social standards for suppliers in areas such as the use of hazardous substances and working conditions are becoming increasingly important as much of the production is outsourced to emerging countries to reduce manufacturing costs and effectively target new markets. Additionally, there are increased calls to reduce the exposure to electromagnetic fields, although its long-term health impact is still difficult to assess.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Brand Management
- Customer Relationship Management
- Innovation Management
- Privacy Protection
- Supply Chain Management

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Electro Magnetic Fields
- Environmental Policy/ Management System
- Hazardous Substances
- Operational Eco-Efficiency
- Product Stewardship

SOCIAL DIMENSION

- Digital Inclusion
- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Nokia Corp.*	Finland
	Motorola Inc.	United States
SAM Silver Class	Alcatel-Lucent**	France
	Cisco Systems Inc.	United States

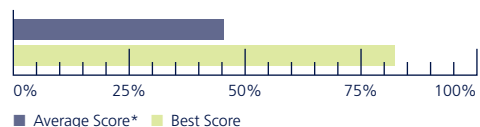
* SAM Sector Leader
 ** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	24
Number of companies assessed by SAM in 2010	14
Assessed companies to total companies in universe (%)	58
Market capitalization of assessed companies to total market capitalization (%)	92

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	56%	85%	36%
Environmental	35%	86%	31%
Social	43%	78%	33%

*Average score of all assessed companies in the sector



Computer Hardware & Electronic Office Equipment

DRIVING FORCES

The technology equipment sector is characterized by constant innovation, producing a high volume of equipment with built-in obsolescence that is ultimately destined for disposal. To address the issue of electronic waste, product design and sales need to take into account energy and material conservation, modularity, take-back programs and extended producer responsibility. Diversification of revenue streams can be achieved through a gradual migration from sales to leasing, and from physical products to the provision of services. This gives customers greater purchasing flexibility while extending products' lifecycle. Effective implementation of environmental standards and monitoring of supplier compliance in areas such as the use of hazardous materials and the assurance of fair working conditions in emerging economies are particularly relevant for the sector. Transparent communication on supply chain issues enhances stakeholders' understanding of these matters.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Brand Management
- Customer Relationship Management
- Innovation Management
- Privacy Protection
- Supply Chain Management

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Environmental Policy/Management System
- Hazardous Substances
- Operational Eco-Efficiency
- Product Stewardship

SOCIAL DIMENSION

- Digital Inclusion
- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Au Optronics Corp. */**	Taiwan
	FUJIFILM Holdings Corp.	Japan
	NEC Corp.	Japan
SAM Silver Class	Fujitsu Ltd.	Japan
	Seiko Epson Corp.	Japan
	Hewlett-Packard Co.	United States

* SAM Sector Leader

** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	35
Number of companies assessed by SAM in 2010	21
Assessed companies to total companies in universe (%)	60
Market capitalization of assessed companies to total market capitalization (%)	93

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	55%	75%	36%
Environmental	52%	85%	30%
Social	48%	72%	34%

*Average score of all assessed companies in the sector



Computer Services & Internet

DRIVING FORCES

The IT services sector helps companies run their businesses efficiently through software applications and integration. IT security and a rigorously enforced code of conduct covering access to confidential data protect clients' privacy. Companies in this sector must actively promote knowledge management and training to attract and retain qualified staff. Leading companies are able to develop customized solutions based on shared access to expertise within a global network. Companies must address widespread calls for more transparent management, particularly regarding the disclosure of business practices, to restore shareholder confidence in their corporate governance. The sector's main environmental impacts are related to the companies' office operations. Companies can address this issue by implementing recycling procedures and eco-efficiency programs.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Brand Management
- Customer Relationship Management
- Innovation Management
- IT Security
- Privacy Protection

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Environmental Policy/ Management System
- Operational Eco-Efficiency

SOCIAL DIMENSION

- Digital Inclusion
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Bronze Class	Indra Sistemas S.A. */**	Spain
	IBM (International Business Machines) Corp.	United States
	Teradata Corp.	United States
	Tata Consultancy Services Ltd.	India
	Wipro Ltd.	India

* SAM Sector Leader
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	36
Number of companies assessed by SAM in 2010	18
Assessed companies to total companies in universe (%)	50
Market capitalization of assessed companies to total market capitalization (%)	89

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	45%	74%	47%
Environmental	32%	88%	20%
Social	35%	64%	33%

*Average score of all assessed companies in the sector



Containers & Packaging

DRIVING FORCES

In the wake of the global economic slowdown, many companies in the packaging sector were forced to adjust their strategies to meet the economic and environmental challenges lying ahead. The markets in which they operate remain highly competitive, with strong downward pressure on both prices and operating margins and increasingly demanding regulations. Additionally, the recent increase in commodity and energy prices from previous lows has not been fully matched by a recovery on the demand side. Despite these difficulties, this is also a time of opportunities. Social and political awareness still favors companies seeking to improve their environmental and social performance, which is increasingly linked to their license to operate in different markets. Thus, companies that have invested in improving process efficiency and product innovation while strengthening their public reputation and stakeholder dialogue may find themselves in a better competitive position.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Customer Relationship Management

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Environmental Policy/ Management System
- Operational Eco-Efficiency
- Product Stewardship

SOCIAL DIMENSION

- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	MeadWestvaco Corp.*	United States
	Sonoco Products Co.	United States
SAM Bronze Class	Ball Corp.	United States
	Owens-Illinois Inc.**	United States

* SAM Sector Leader

** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	17
Number of companies assessed by SAM in 2010	8
Assessed companies to total companies in universe (%)	47
Market capitalization of assessed companies to total market capitalization (%)	56

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	77%	87%	29%
Environmental	69%	82%	29%
Social	65%	85%	42%

*Average score of all assessed companies in the sector



Diversified Industrials

DRIVING FORCES

Though diversified industrial companies should maintain sound environmental management in manufacturing processes, for most companies the main challenges and opportunities are associated with the products themselves. Issues include efficiency, safety, hazardous content and product disposal or recycling options once products have reached the end of their lifecycle. Innovation and the integration of environmental considerations into product development are becoming key success factors. The focus on efficiency improvements for customers is becoming a potential advantage for companies selling their products in the resource-constrained markets of China and India. Typically, diversified industrials have a global presence including emerging economies. To manage the cultural diversity of their workforce, companies need to focus on establishing a set of common corporate values, including policies and compliance systems to avoid corruption and illegal market practices. High health & safety standards must be met on all operational levels. As exposure to potential human rights abuses increases with the expansion of supply chains into emerging markets, minimizing reputational risks must be an integral component of supply chain management.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Customer Relationship Management
- Innovation Management

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Environmental Policy/Management System
- Operational Eco-Efficiency
- Product Stewardship
- Water-Related Risks

SOCIAL DIMENSION

- Occupational Health & Safety
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Siemens AG/**	Germany
SAM Silver Class	3M Company	United States
	General Electric Co.	United States
	Toshiba Corp.	Japan
	Eaton Corp.	United States
	ITT Corp.	United States

* SAM Sector Leader
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	39
Number of companies assessed by SAM in 2010	22
Assessed companies to total companies in universe (%)	56
Market capitalization of assessed companies to total market capitalization (%)	90

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	49%	96%	28%
Environmental	35%	94%	35%
Social	44%	87%	37%

*Average score of all assessed companies in the sector



Durable Household Products

DRIVING FORCES

Innovation, quality and branding are the key differentiating factors in this sector. In addition, leading companies actively manage safety and environmental issues throughout the product lifecycle. Take-back guarantees for used products and the provision of customer-oriented services offer interesting business and environmental opportunities. Moreover, consumers increasingly demand products tailored to their needs, including a high level of comfort and adaptability as well as transparent product information and labeling. Brands that successfully consider the shift toward sustainable consumption in their product range may emerge as leaders in terms of business model innovation. Additional long-term challenges arise from the need to integrate suppliers into the production chain.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Brand Management
- Customer Relationship Management
- Innovation Management

ENVIRONMENTAL DIMENSION

- Environmental Policy/ Management System
- Operational Eco-Efficiency
- Product Stewardship

SOCIAL DIMENSION

- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Silver Class	Electrolux AB*	Sweden
	Whirlpool Corporation**	United States

* SAM Sector Leader
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	11
Number of companies assessed by SAM in 2010	6
Assessed companies to total companies in universe (%)	55
Market capitalization of assessed companies to total market capitalization (%)	63

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	67%	74%	41%
Environmental	63%	73%	21%
Social	61%	70%	38%

*Average score of all assessed companies in the sector



Electric Components & Equipment

DRIVING FORCES

As high-tech providers, companies in this sector rely heavily on the knowledge, qualification and training of their employees for their business success. Companies whose technologies and products are used in the defense sector should be prepared to deal with increased reputational risks. Over the medium term, companies serving the communication and information technology sectors are expected to benefit from balanced growth in these markets as they absorb the significant overcapacities built up over the past few years. Providers of advanced industrial equipment also play a key role in the development and provision of new products and technologies focusing on energy efficiency and various aspects of environmental protection such as the testing, measurement and removal of pollutants.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Customer Relationship Management
- Innovation Management

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Environmental Policy/Management System
- Operational Eco-Efficiency
- Product Stewardship
- Water-Related Risks

SOCIAL DIMENSION

- Occupational Health & Safety
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Samsung Electro-Mechanics Co., Ltd.*/**	South Korea
SAM Silver Class	Fuji Electric Holdings Co., Ltd.	Japan
SAM Bronze Class	Ibiden Co., Ltd.	Japan
	LeGrand S.A.	France
	Schneider Electric S.A.	France
	TDK Corp.	Japan

* SAM Sector Leader

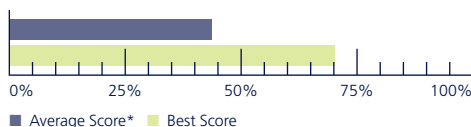
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	41
Number of companies assessed by SAM in 2010	17
Assessed companies to total companies in universe (%)	41
Market capitalization of assessed companies to total market capitalization (%)	70

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	45%	84%	27%
Environmental	39%	74%	37%
Social	47%	72%	36%

*Average score of all assessed companies in the sector



Electricity

DRIVING FORCES

The liberalization of electricity markets, increasing attention to global warming, growing demand for energy in emerging countries and the need for grid modernization in developed markets are reshaping the global electric utilities landscape. Regulation and environmental issues are likely to remain at the top of utilities' boardroom agendas. For companies in this sector, these trends stimulate demand for renewable and distributed energy while enabling diversification of fuel sources and energy services. Thus, electric utilities have a responsibility to enhance both supply-side and demand-side energy efficiency to reduce environmental impacts. At the same time, electricity companies are faced with increased competition and price volatility, potential opposition to large infrastructure projects and increased strain on the grid from the connection of renewable energy sources. Despite its low carbon profile, nuclear power remains exposed to public scrutiny, investment and decommissioning costs and nuclear waste disposal. Natural gas, in turn, is likely to see its market share increase to the detriment of coal generation.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Customer Relationship Management
- Market Opportunities
- Price Risk Management
- Scorecards/Measurement Systems

ENVIRONMENTAL DIMENSION

- Biodiversity
- Climate Strategy
- Electricity Generation
- Environmental Policy/Management System
- Operational Eco-Efficiency
- Transmission & Distribution
- Water-Related Risks

SOCIAL DIMENSION

- Occupational Health & Safety
- Stakeholder Engagement

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	EDP-Energias de Portugal S.A.*	Portugal
	Cia Energetica de Minas Gerais (CEMIG)	Brazil
SAM Silver Class	AGL Energy Ltd.	Australia
	Duke Energy Corp.**	United States
	E.ON AG	Germany
	Endesa S.A.	Spain
	Iberdrola S.A.	Spain
	TERNA S.p.A.	Italy
SAM Bronze Class	Enel S.p.A.	Italy
	Entergy Corp.	United States
	Exelon Corp.	United States
	Fortum Oyj	Finland
	National Grid plc	United Kingdom
	PG&E Corp.	United States
	Public Service Enterprise Group Inc.	United States
	Red Electrica Corp. S.A.	Spain
	RWE AG	Germany

* SAM Sector Leader
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	106
Number of companies assessed by SAM in 2010	62
Assessed companies to total companies in universe (%)	58
Market capitalization of assessed companies to total market capitalization (%)	87

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	58%	90%	35%
Environmental	46%	87%	35%
Social	56%	89%	30%

*Average score of all assessed companies in the sector



Electronic Equipment

DRIVING FORCES

Beyond the broad focus on efficiency inherent in all engineering and capital goods markets, the electronic equipment sector offers a number of products with specific sustainability applications. In the area of controls and automation, for example, opportunities arise from customers' demand for energy and carbon efficiency. Meanwhile, the increasing sector-wide focus on safety presents opportunities in the area of controls and sensors. Regulatory demand for environmentally friendly air, soil and water systems in developed markets as well as in the rapidly-growing new economies drives the markets for testing equipment, measurement and control equipment and equipment for the removal of pollutants. Amid regulators' increasing focus on the energy efficiency of buildings, opportunities emerge for companies that produce the relevant specialized products and services. As high-tech providers, companies in this sector rely heavily on employee expertise. As a result, talent attraction, talent retention and human capital development are crucial success factors. Given the long-term nature of B2B relationships, tools for monitoring the quality of customer relationship management play an important role.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Brand Management
- Customer Relationship Management
- Innovation Management

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Environmental Policy/Management System
- Operational Eco-Efficiency
- Product Stewardship
- Water-Related Risks

SOCIAL DIMENSION

- Occupational Health & Safety
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Samsung SDI Co. Ltd.*	South Korea
SAM Silver Class	Hitachi Ltd.	Japan
	Agilent Technologies Inc.	United States
	Yokogawa Electric Corp.**	Japan

* SAM Sector Leader

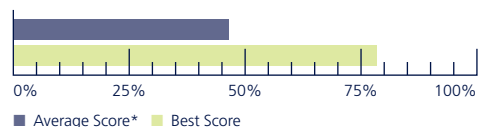
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	24
Number of companies assessed by SAM in 2010	14
Assessed companies to total companies in universe (%)	58
Market capitalization of assessed companies to total market capitalization (%)	83

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	50%	82%	30%
Environmental	42%	85%	33%
Social	47%	79%	37%

*Average score of all assessed companies in the sector



Financial Services

DRIVING FORCES

The financial services sector consists of a heterogeneous group of companies such as stock exchanges, asset managers and investment holdings. Given the role these companies play in contributing to a sound and stable financial system, accountability and leadership are crucial for building a competitive advantage. Financial services firms must adhere to international best-practice standards in the area of corporate governance, risk management and compliance. Globalization, demographic shifts and climate change will continue to influence the business environment. A multi-stakeholder approach to developing innovative and prudent financial services and products as well as investment policies is essential. Motivated, highly qualified and experienced employees are crucial to developing these financial services and products while fostering client attraction and retention. In addition, climate change and resource scarcity create new business opportunities for this sector. Examples include venture capital investments focused on new technologies that promote the transition to a low-carbon economy or help increase resource efficiency as well as the consideration of environmental and social challenges in their product offering to institutional investors and trustees.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Anti-Crime Policy/Measures
- Brand Management
- Customer Relationship Management
- Stakeholder Engagement

ENVIRONMENTAL DIMENSION

- Business Opportunities Financial Services/Products
- Business Risks Large Projects / Export Finance
- Climate Change Governance
- Environmental Footprint
- Environmental Policy/Management System

SOCIAL DIMENSION

- Controversial Issues, Dilemmas in Lending/Financing
- Financial Inclusion/Capacity Building
- Occupational Health & Safety
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Silver Class	Itaúsa-Investimentos Itaú S/A *	Brazil
	3i Group plc	United Kingdom
	AMP Ltd.	Australia
	ASX Ltd.	Australia
	Criteria CaixaCorp S.A.	Spain
	Daewoo Securities Co. Ltd.	South Korea
	Daishin Securities Co. Ltd.	South Korea
	Daiwa Securities Group Inc.	Japan
	Deutsche Boerse AG	Germany
	International Personal Finance plc ¹⁾	United Kingdom
	Investec plc	United Kingdom
	Man Group plc	United Kingdom
	Morgan Stanley	United States
	Nomura Holdings Inc.	Japan
	NYSE Euronext	United States
	Provident Financial plc	United Kingdom
	Redecard S/A	Brazil
	Samsung Securities Co. Ltd.**	South Korea
	Schroders plc	United Kingdom
	State Street Corp.	United States

* SAM Sector Leader
** SAM Sector Mover

¹⁾ This company is not part of the largest 2'500 companies of the Dow Jones Global Stock Market Index

SECTOR STATISTICS

Number of companies in universe	119
Number of companies assessed by SAM in 2010	58
Assessed companies to total companies in universe (%)	49
Market capitalization of assessed companies to total market capitalization (%)	80

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	55%	84%	38%
Environmental	21%	62%	24%
Social	32%	72%	38%

*Average score of all assessed companies in the sector



Fixed Line Communications

DRIVING FORCES

The fixed-line communications industry is characterized by intense competition, price and regulatory pressures, and the continuous blurring of the boundaries between fixed and wireless telephony. The industry also has the potential to significantly improve work habits and lifestyles, resulting in a reduction of travel and transportation and their corresponding environmental impact. In a highly competitive market marked by rapid technological change, companies have to adopt flexible business models that enable them to quickly integrate new generation technologies and services, such as voice-over-IP or video-on-demand. From an environmental perspective, energy efficiency, state-of-the-art infrastructure and adequate disposal of redundant equipment remain the sector's key challenges. From a social perspective, potentially negative health effects of electromagnetic fields are cause for concern. Companies will also need to develop solutions to reduce the digital divide and offer adequate low-cost telecommunications solutions for emerging markets in order to ensure sustainable sales growth.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Brand Management
- Customer Relationship Management
- Innovation Management
- Privacy Protection
- Service Development

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Environmental Policy/Management System
- Operational Eco-Efficiency

SOCIAL DIMENSION

- Digital Inclusion
- Impact of Telecommunication Services
- Occupational Health & Safety
- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Telefonica S.A.*	Spain
	BT Group plc	United Kingdom
	KPN N.V.**	Netherlands
	KT Corp.	South Korea
	Portugal Telecom SGPS S/A	Portugal
	Telecom Italia S.p.A.	Italy
	Telstra Corp. Ltd.	Australia

* SAM Sector Leader

** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	44
Number of companies assessed by SAM in 2010	27
Assessed companies to total companies in universe (%)	61
Market capitalization of assessed companies to total market capitalization (%)	91

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	62%	88%	44%
Environmental	51%	96%	16%
Social	56%	90%	40%

*Average score of all assessed companies in the sector



Food & Drug Retailers

DRIVING FORCES

Food and drug retail has always been characterized by intense competition and battles for market share. This has resulted in industry-wide consolidation over the past few years, with interest in M&A remaining high. The shift toward eating at home should continue to favor food retailers that are capitalizing on this trend by expanding their private-label lines or store brands, which carry higher margins than branded products. Meanwhile, traditional food and drug retailers are responding to the health and wellness trend by increasing their range of natural and organic products and healthier formulations. International sourcing has increased and food retailers have to improve the transparency of their supply chains. Drug retailers are likely to play an increasingly important role in the management of rising healthcare costs. The imminent expiration of several major drug patents is expected to unleash a wave of generic drugs on the market over the next few years, resulting in significant cost savings. Consumers can also benefit from drug retailers' convenient locations and in-store clinics, which offer affordable access to basic healthcare services.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Customer Relationship Management
- Health & Nutrition

ENVIRONMENTAL DIMENSION

- Environmental Policy/Management System
- Genetically Modified Organisms
- Operational Eco-Efficiency
- Packaging
- Raw Material Sourcing
- Water-Related Risks

SOCIAL DIMENSION

- Occupational Health & Safety
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	J Sainsbury plc*	United Kingdom
SAM Silver Class	Kesko Oyj	Finland
	Ahold N.V.	Netherlands
	Carrefour S.A.	France
	Safeway Inc. **	United States
	Tesco plc	United Kingdom

* SAM Sector Leader

** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	38
Number of companies assessed by SAM in 2010	21
Assessed companies to total companies in universe (%)	55
Market capitalization of assessed companies to total market capitalization (%)	84

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	62%	79%	31%
Environmental	38%	84%	31%
Social	44%	68%	38%

*Average score of all assessed companies in the sector



Food Producers

DRIVING FORCES

Growth in the food sector will be driven by product innovation and exposure to faster-growing market segments and regions. Health, wellness and nutrition have emerged as strong growth segments and will remain in the spotlight as food manufacturers respond to consumers' growing awareness of the relationship between diet and health. In response to the obesity crisis, several major food manufacturers plan to adopt a voluntary labeling system that will offer consumers simple and easy-to-use calorie and health information on the front of packages. In addition, the strong growth momentum in emerging markets is creating new and additional opportunities for branded products. Growth will also be driven by acquisitions. Strong balance sheets across the industry have resulted in heightened M&A activity and should allow for further industry consolidation. The main challenges facing the sector include food safety, which has become a growing concern, placing greater emphasis on quality control and transparency along the supply chain. The combination of high unemployment and rising commodity prices is another short-term challenge facing the industry as companies find it difficult to raise prices in the current environment.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Health & Nutrition
- Innovation Management
- Strategy for Emerging Markets

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Environmental Policy/Management System
- Genetically Modified Organisms
- Operational Eco-Efficiency
- Packaging
- Raw Material Sourcing
- Water-Related Risks

SOCIAL DIMENSION

- Occupational Health & Safety
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Unilever *	Netherlands
	Nestle S.A.	Switzerland
SAM Silver Class	Kraft Foods Inc.	United States
SAM Bronze Class	Danisco A/S	Denmark
	Danone S.A.	France
	Ajinomoto Co. Inc.	Japan
	Campbell Soup Co.	United States
	ConAgra Foods Inc.	United States
	General Mills Inc.	United States
	Grupo Nacional de Chocolates S.A.**	Colombia
	H.J. Heinz Co.	United States
	Hormel Foods Corp.	United States
	Sara Lee Corp.	United States

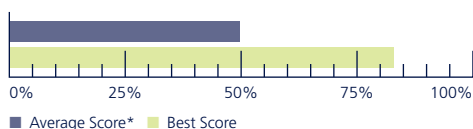
* SAM Sector Leader
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	79
Number of companies assessed by SAM in 2010	30
Assessed companies to total companies in universe (%)	38
Market capitalization of assessed companies to total market capitalization (%)	73

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	54%	84%	34%
Environmental	44%	91%	29%
Social	49%	76%	37%

*Average score of all assessed companies in the sector



Forestry & Paper

DRIVING FORCES

The forestry & paper sector comprises owners and operators of timber tracts, forest tree nurseries and sawmills as well as producers, converters, merchants and distributors of all grades of paper. The main challenge consists of the need to ensure the responsible management of forests and plantations and the responsible sourcing of wood fibers. Certification and chain of custody systems play an important role in gaining customers' trust and loyalty. As paper will become an even more customized product in response to customer-specific needs, product innovation and customer focus will move up the corporate agenda. As a result, talent attraction and retention as well as human capital development, will remain a key source of competitive advantage. Technology-wise, room for significant improvements in resource efficiency remains, giving companies capable of introducing new technologies such as enzyme-based processes a competitive edge. The questionnaire for this sector has been revised substantially this year following several feedback rounds with industry. SAM thanks all supporting organizations for their important contribution to this methodological refinement: WWF, FERN, CEPI.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Customer Relationship Management
- Ecosystem Services
- Materiality

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Environmental Policy/ Management System
- Genetically Modified Organisms
- Operational Eco-Efficiency
- Product Stewardship
- Sustainable Fibre and Pulp Sourcing
- Sustainable Management of Forests

SOCIAL DIMENSION

- Enabling Local Development
- Occupational Health & Safety
- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Silver Class	Stora Enso Oyj*/**	Finland
	Fibria Celulose S.A.	Brazil

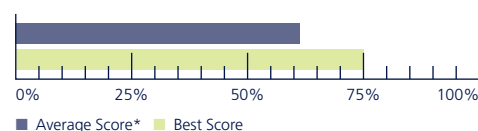
* SAM Sector Leader
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	13
Number of companies assessed by SAM in 2010	7
Assessed companies to total companies in universe (%)	54
Market capitalization of assessed companies to total market capitalization (%)	58

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	63%	76%	25%
Environmental	59%	83%	31%
Social	62%	82%	44%

*Average score of all assessed companies in the sector



Furnishing

DRIVING FORCES

Innovation, quality and branding are the key differentiating factors in this sector. In addition, leading companies actively manage safety and environmental issues throughout the product lifecycle. Take-back guarantees for used products and the provision of customer-oriented services offer interesting business and environmental opportunities. Moreover, consumers increasingly demand products tailored to their needs, including a high level of comfort and adaptability as well as transparent product information and labeling. Additional long-term challenges arise from the need to integrate suppliers into the production chain.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Brand Management
- Customer Relationship Management
- Innovation Management

ENVIRONMENTAL DIMENSION

- Environmental Policy/ Management System
- Operational Eco-Efficiency
- Product Stewardship

SOCIAL DIMENSION

- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Silver Class	Herman Miller Inc.*/**	United States

* SAM Sector Leader

** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	5
Number of companies assessed by SAM in 2010	3
Assessed companies to total companies in universe (%)	60
Market capitalization of assessed companies to total market capitalization (%)	45

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	46%	65%	36%
Environmental	36%	90%	30%
Social	36%	58%	34%

*Average score of all assessed companies in the sector



Gambling

DRIVING FORCES

Key economic issues facing the gambling sector include the legal framework, market deregulation (particularly in Europe), barriers to entry and ongoing consolidation. Companies must be flexible in responding to new business opportunities that offer superior growth potential. At the same time, the increasing popularity of internet gambling raises concerns related to fair and secure gambling as well as the difficulty in controlling underage and compulsive gambling. After all, internet gambling reaches a wider audience including many people who would never have ventured into an actual casino, betting shop or poker club. In response to these trends, leading players in the gaming sector are developing and promoting responsible gaming initiatives in close cooperation with community groups, treatment providers for gambling addiction, and governments. In addition, anti-money laundering and crime prevention policies and systems will help boost a company's brand and image. Another challenge is the reduction of the environmental impact of lodgings and other infrastructure.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Anti-Crime Policy/Measures
- Anti-Trust Policy
- Brand Management

ENVIRONMENTAL DIMENSION

- Environmental Policy/Management System
- Operational Eco-Efficiency

SOCIAL DIMENSION

- Promoting Responsible Gaming
- Stakeholder Engagement

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	TABCorp Holdings Ltd. */**	Australia
	Ladbrokes plc	United Kingdom

* SAM Sector Leader
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	18
Number of companies assessed by SAM in 2010	6
Assessed companies to total companies in universe (%)	33
Market capitalization of assessed companies to total market capitalization (%)	43

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	55%	88%	42%
Environmental	33%	76%	15%
Social	51%	81%	43%

*Average score of all assessed companies in the sector



Gas Distribution

DRIVING FORCES

Key trends affecting gas utilities include the liberalization of gas markets, rising demand for natural gas in electricity generation, and higher demand for transportation capacity driven in part by increased production of unconventional gas. Natural gas is the least carbon-intensive fossil fuel and is therefore regarded as an effective option to replace coal as a base- and mid-load fuel and to reduce CO₂ emissions, depending on fuel and carbon dioxide prices. In addition, natural gas is the fuel of choice for many distributed energy technologies such as micro-turbines. Such changes in the gas markets, combined with the effects of the Kyoto Protocol, are encouraging gas companies to enhance both supply-side and demand-side energy efficiency. Surging demand for gas and increased reliance on remote deposits are also creating new opportunities for transportation infrastructure. However, gas utilities remain exposed to intense competition, price volatility, potential opposition to large infrastructure projects, leakages, failure of distribution networks and liabilities of former gas manufacturing sites.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Customer Relationship Management
- Market Opportunities
- Price Risk Management
- Scorecards/Measurement Systems

ENVIRONMENTAL DIMENSION

- Biodiversity
- Climate Strategy
- Environmental Policy/Management System
- Manufactured Gas Plants
- Operational Eco-Efficiency
- Transmission & Distribution

SOCIAL DIMENSION

- Occupational Health & Safety
- Stakeholder Engagement

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Gas Natural Fenosa S.A.*	Spain
SAM Silver Class	Enagas S.A.	Spain
SAM Bronze Class	Snam Rete Gas S.p.A.	Italy
	Spectra Energy Corp.**	United States

* SAM Sector Leader

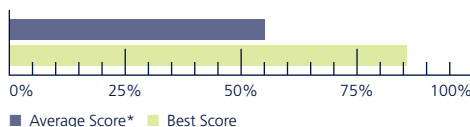
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	24
Number of companies assessed by SAM in 2010	14
Assessed companies to total companies in universe (%)	58
Market capitalization of assessed companies to total market capitalization (%)	78

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	59%	86%	40%
Environmental	45%	86%	28%
Social	58%	85%	32%

*Average score of all assessed companies in the sector



General Retailers

DRIVING FORCES

The retail market continues to face headwinds from high unemployment and the weak housing market, but underlying sales trends have improved in 2010. The market is seeing a shift toward multinational conglomerates with global supply and distribution systems, efficient inventory management and wide-scale marketing plans. Successful retailers continuously analyze customer information to detect purchasing patterns and are more responsive and efficient in customer relationship management. E-commerce and home delivery services are becoming more important distribution channels. On the operational level, companies need to address the efficiency of distribution systems and the use and disposal of packaging. Various stakeholder groups are placing more value on ethical sourcing and consumers are proving increasingly willing to pay a premium for environmentally sound products. Retailers therefore need to establish long-term relationships with suppliers and provide for increased transparency to minimize economic, social and reputational risks.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Brand Management
- Customer Relationship Management
- Innovation Management
- Strategy for Emerging Markets

ENVIRONMENTAL DIMENSION

- Environmental Policy/ Management System
- Operational Eco-Efficiency
- Packaging

SOCIAL DIMENSION

- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Lotte Shopping Co., Ltd.*/**	South Korea
SAM Silver Class	Inditex	Spain
	Kingfisher plc	United Kingdom
	Marks & Spencer Group plc	United Kingdom
SAM Bronze Class	Metro AG	Germany
	Aeon Co. Ltd.	Japan
	Hennes & Mauritz AB	Sweden
	Home Retail Group plc	United Kingdom
	Macy's Inc.	United States
	Office Depot Inc.	United States
	Seven & I Holdings Co. Ltd.	Japan
	Staples Inc.	United States
	Wesfarmers Ltd.	Australia

* SAM Sector Leader
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	88
Number of companies assessed by SAM in 2010	41
Assessed companies to total companies in universe (%)	47
Market capitalization of assessed companies to total market capitalization (%)	82

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	46%	90%	42%
Environmental	41%	97%	24%
Social	46%	81%	34%

*Average score of all assessed companies in the sector



Healthcare Providers

DRIVING FORCES

The healthcare sector includes health insurers as well as companies providing healthcare services or products, such as hospitals or consumer goods. Key trends affecting this sector include an aging population and unhealthy lifestyles in industrialized countries as well as largely unmet medical needs in developing countries. All of these fuel the use of healthcare services and are thus key economic drivers. However, exploding healthcare costs and the growing divide in the availability of healthcare services among population groups or entire nations present major societal challenges that are being tackled through healthcare reform programs worldwide. Leading companies take an active role in searching for solutions and building effective, sustainable healthcare systems by engaging with all relevant stakeholder groups. The focus is on preventive medicine and services, better compliance, continuous improvement of customer-oriented services and strategic alliances across traditional business borders.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Customer Relationship Management
- Innovation Management
- Marketing Practices

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Environmental Policy/Management System
- Operational Eco-Efficiency

SOCIAL DIMENSION

- Occupational Health & Safety
- Partnerships towards Sustainable Healthcare
- Service to Patients
- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

Company	Country
UnitedHealth Group Inc.*	United States
Fresenius Medical Care AG & Co. KGaA**	Germany
Humana Inc.	United States
Quest Diagnostics Inc.	United States

* SAM Sector Leader

** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	28
Number of companies assessed by SAM in 2010	14
Assessed companies to total companies in universe (%)	50
Market capitalization of assessed companies to total market capitalization (%)	84

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	56%	78%	35%
Environmental	22%	49%	12%
Social	38%	65%	53%

*Average score of all assessed companies in the sector



Heavy Construction

DRIVING FORCES

The heavy construction sector comprises companies engaged in the construction of commercial and residential buildings and infrastructure activities as well as providers of services to construction companies. Companies are increasingly challenged by issues such as operational health & safety, energy efficiency and the responsible use of resources. The focus on these issues gains added importance as expansion into new or emerging markets takes place. Because the construction industry consumes massive amounts of resources to create infrastructure and the built environment, resource efficiency is not only limited to compliance with legal requirements, but also requires the active promotion of measures to limit the depletion of resources. In a world of resource scarcity, particularly with regard to water and energy consumption, resource-conscious construction services will be a source of competitive advantage. A company's ability to establish itself as a preferred contractor in future activities and projects will also depend on its ability to handle and avoid anti-trust and bribery cases, issues to which the sector is exposed. Companies will therefore need to establish and implement rigorous codes of conduct to avoid becoming involved in such activities.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Customer Relationship Management
- Non-Financial Project Evaluation

ENVIRONMENTAL DIMENSION

- Building Materials
- Climate Strategy
- Environmental Policy/ Management System
- Operational Eco-Efficiency
- Resource Conservation and Resource Efficiency
- Transport and Logistics
- Water-Related Risks

SOCIAL DIMENSION

- Occupational Health & Safety
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Hyundai Engineering & Construction Co., Ltd.*	South Korea
	Acciona S.A.	Spain
SAM Silver Class	Ferrovial S.A.	Spain
	Fomento de Construcciones y Contratas S.A.	Spain
	GS Engineering & Construction Corp.**	South Korea
SAM Bronze Class	Hochtief AG	Germany
	Daelim Industrial Co. Ltd.	South Korea
	Vinci S.A.	France

* SAM Sector Leader

** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	49
Number of companies assessed by SAM in 2010	28
Assessed companies to total companies in universe (%)	57
Market capitalization of assessed companies to total market capitalization (%)	71

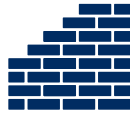
RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	64%	90%	23%
Environmental	49%	81%	38%
Social	52%	83%	39%

*Average score of all assessed companies in the sector



Home Construction

DRIVING FORCES

The sector's growth depends largely on external factors such as interest rates and general economic conditions. In addition, price pressures and a tightening regulatory environment are constant challenges for the sector. As a result, companies need to provide for efficient and environmentally friendly construction processes (i.e., no use of harmful substances, waste minimization, product recycling, etc.). In addition, companies must improve the eco-efficiency of their products, i.e. buildings, in terms of energy intensity and fresh water use. Commuting time, local amenities, green space, and energy conservation are all subjects that need to be addressed in the early planning stages of property development. Occupational health & safety risks are high, requiring strict management practices to reduce work-related accidents and injuries among employees and external contractors' staff.

SECTOR SPECIFIC CRITERIA

ENVIRONMENTAL DIMENSION

- Building Materials
- Environmental Policy/ Management System
- Operational Eco-Efficiency
- Resource Conservation and Resource Efficiency

SOCIAL DIMENSION

- Occupational Health & Safety
- Social Integration
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

Company	Country
Sumitomo Forestry Co., Ltd.*/**	Japan
Sekisui Chemical Co., Ltd.	Japan
Sekisui House Ltd.	Japan

* SAM Sector Leader
 ** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	14
Number of companies assessed by SAM in 2010	6
Assessed companies to total companies in universe (%)	43
Market capitalization of assessed companies to total market capitalization (%)	52

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	57%	68%	18%
Environmental	65%	85%	37%
Social	39%	60%	45%

*Average score of all assessed companies in the sector



Hotels, Restaurants, Bars & Recreational Services

DRIVING FORCES

The key sustainability factors for the hotels, restaurants, bars & recreational services sector are linked to its employees, who drive the business and are the face of the company toward its customers. Therefore, an advanced employment model that includes talent attraction and retention, human capital development, occupational health & safety and company-wide adherence to ethical principles is essential to the success of companies in this sector. Importantly, the entire supply chain should also be considered by companies in this sector. While environmental aspects, such as water and energy consumption, play an important role, they are not considered to be the sector's main value drivers. Restaurant chains in particular need to advocate a balanced lifestyle, educate consumers and raise awareness of health risks associated with imbalanced nutrition.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Brand Management
- Food Safety

ENVIRONMENTAL DIMENSION

- Environmental Policy/ Management System
- Operational Eco-Efficiency

SOCIAL DIMENSION

- Healthy Living
- Local Impact of Business Operations
- Occupational Health & Safety
- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Sodexo S.A. *	France
	McDonald's Corp. **	United States
SAM Silver Class	Accor S.A.	France
	Starbucks Corp.	United States

* SAM Sector Leader

** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	27
Number of companies assessed by SAM in 2010	11
Assessed companies to total companies in universe (%)	41
Market capitalization of assessed companies to total market capitalization (%)	74

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	68%	88%	32%
Environmental	51%	89%	18%
Social	52%	82%	50%

*Average score of all assessed companies in the sector



Industrial Engineering

DRIVING FORCES

The main challenges and opportunities in the industrial equipment sector are associated with the use of products. Key issues include energy efficiency, safety, clean internal combustion and lean end-of-life options for products that have become obsolete. Leading companies are increasingly focusing on product innovation and incorporating lifecycle analysis into the product development stage in order to capitalize on customers' potential savings in equipment lifecycle costs. Product development must factor in customers' present and future carbon constraints. The focus on efficiency improvements for customers is becoming a potential advantage for companies marketing their products in the more resource-constrained markets, particularly in developing countries. As supply chains in emerging markets continue to grow, companies face an increasing exposure to risks related to human rights abuses and occupational health & safety issues. Sector leaders manage these risks as an integral component of their supply chain management.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Customer Relationship Management
- Innovation Management

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Environmental Policy/Management System
- Operational Eco-Efficiency
- Product Stewardship
- Water-Related Risks

SOCIAL DIMENSION

- Occupational Health & Safety
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Silver Class	Caterpillar Inc.*	United States
	ABB Ltd.	Switzerland
	Daikin Industries Ltd.	Japan
	Sandvik AB	Sweden
	SKF AB	Sweden
	Sulzer AG	Switzerland
	Volvo AB	Sweden
SAM Bronze Class	Alstom S.A.	France
	Cummins Inc.	United States
	IMI plc	United Kingdom
	Ingersoll-Rand plc**	United States
	Komatsu Ltd.	Japan
	Atlas Copco AB	Sweden
	Metso Corp.	Finland
	STX Engine Co. Ltd.	South Korea

* SAM Sector Leader

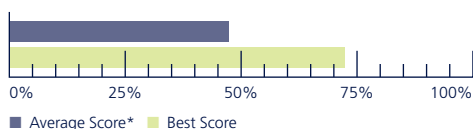
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	90
Number of companies assessed by SAM in 2010	51
Assessed companies to total companies in universe (%)	57
Market capitalization of assessed companies to total market capitalization (%)	81

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	51%	80%	28%
Environmental	44%	81%	34%
Social	47%	71%	38%

*Average score of all assessed companies in the sector



Industrial Transportation

DRIVING FORCES

The industrial transportation sector facilitates trade through its operations and promotes economic efficiencies and development in affected regions. Value can be added by offering additional services while transporting goods, such as customization and assembly of transported goods. Supply chain management can be used to reduce inventory and warehousing costs while speeding up delivery to the end customer. Integrated information systems can improve efficiency at a time in which the accelerating movement of goods and people raises demand for energy and infrastructure, calling for less polluting and more environmentally friendly vehicles (e.g., electric vehicles for in-town deliveries), on the one hand, and consideration of affected communities' needs, on the other. Given the global nature of the business, companies need strong management resources related to issues such as climate change, as well as effective human capital management and development policies.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Customer Relationship Management

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Environmental Policy/ Management System
- Fuel Efficiency
- Operational Eco-Efficiency

SOCIAL DIMENSION

- Occupational Health & Safety
- Stakeholder Engagement

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	TNT N.V.*	Netherlands
	Atlantia S.p.A.**	Italy
	Transurban Group	Australia
SAM Silver Class	Abertis Infraestructuras S.A.	Spain
	Deutsche Post AG	Germany
	Fraport AG	Germany
	Nippon Yusen K.K.	Japan
	United Parcel Service Inc.	United States

* SAM Sector Leader

** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	52
Number of companies assessed by SAM in 2010	26
Assessed companies to total companies in universe (%)	50
Market capitalization of assessed companies to total market capitalization (%)	80

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	60%	97%	28%
Environmental	59%	98%	30%
Social	55%	89%	42%

*Average score of all assessed companies in the sector



Insurance

DRIVING FORCES

Insurance of any type is all about managing risk. Products and services offered include liability, life and health insurance as well as reinsurance and financial services. Because insurers rely on a motivated, highly qualified and experienced workforce to develop innovative products, attract and retain clients, they must invest in employee relations, remuneration systems and knowledge management. Climate change and resource scarcity have become important issues as natural disasters and relatively small events resulting from extreme weather conditions have well-known consequences for the insurance industry. Other issues include changing demographics, obesity and various other new health risks. Moreover, liability cases show that the insurance sector is closely tied to other economic sectors and is dependent on the political decision-making process.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Brand Management
- Customer Relationship Management
- Stakeholder Engagement

ENVIRONMENTAL DIMENSION

- Business Risks and Opportunities
- Environmental Footprint
- Environmental Policy/Management System
- Risk Detection

SOCIAL DIMENSION

- Access to Insurance/ Other Social Value Added
- Occupational Health & Safety
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Swiss Re*	Switzerland
	Allianz SE	Germany
	NKSJ Holdings Inc.	Japan
SAM Silver Class	ING Groep N.V.	Netherlands
	Insurance Australia Group Ltd.	Australia
	Mapfre S.A.**	Spain
	Muenchener Rueckversicherungs-Gesellschaft AG	Germany
	RSA Insurance Group plc	United Kingdom
	Standard Life plc	United Kingdom
	Storebrand ASA	Norway
	Tokio Marine Holdings Inc.	Japan
	SAM Bronze Class	Aegon N.V.
Aviva plc		United Kingdom
AXA S.A.		France
Legal & General Group plc		United Kingdom
Zurich Financial Services AG		Switzerland

* SAM Sector Leader

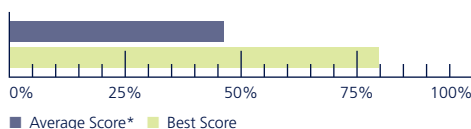
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	108
Number of companies assessed by SAM in 2010	63
Assessed companies to total companies in universe (%)	58
Market capitalization of assessed companies to total market capitalization (%)	74

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	61%	87%	33%
Environmental	41%	86%	28%
Social	37%	76%	39%

*Average score of all assessed companies in the sector



Leisure Goods

DRIVING FORCES

Differentiation, quality, time-to-market and brand management are key drivers for the sector. As a result, companies must focus on innovation and R&D to maintain their competitiveness in the rapidly changing electronics and entertainment markets. New technologies and the need to provide ever-changing and more integrated product ranges are challenges that leading companies are managing through strategic alliances and outsourcing of operations. Excellent supply chain management that integrates environmental and social aspects is increasingly important to minimize economic, social and reputational risks. In this sense, companies must pay increasing attention to working conditions, particularly with regard to suppliers and subcontractors in developing countries. A well-developed information system covering supply chain issues is indispensable to transparent communication with stakeholders. Environmental challenges arise throughout the life span of a product, requiring lifecycle analysis, product modularity, the avoidance of toxic substances in both manufacturing processes and product components, and effective manufacturer take-back programs for the adequate disposal of obsolete products.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Brand Management
- Customer Relationship Management
- Innovation Management

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Environmental Policy/ Management System
- Hazardous Substances
- Operational Eco-Efficiency
- Product Stewardship

SOCIAL DIMENSION

- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Panasonic Corp.*	Japan
	Philips Electronics N.V.	Netherlands
SAM Silver Class	Konica Minolta Holdings Inc.	Japan
	LG Electronics Inc.**	South Korea
	Sony Corp.	Japan

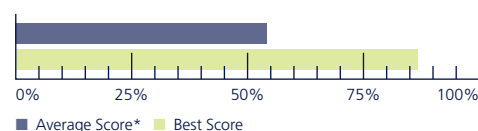
* SAM Sector Leader
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	24
Number of companies assessed by SAM in 2010	16
Assessed companies to total companies in universe (%)	67
Market capitalization of assessed companies to total market capitalization (%)	89

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	52%	89%	37%
Environmental	53%	93%	29%
Social	57%	82%	34%

* Average score of all assessed companies in the sector



Media

DRIVING FORCES

The heterogeneous and highly competitive publishing sector is increasingly dependent on emerging technologies as a key growth driver. The digitization and electronic presentation of content is more important than ever before. New technologies coupled with innovative thinking, content and channel management help open up new markets and create new opportunities. In addition, companies that consistently invest in retaining a talented, creative and motivated workforce while producing and continually replenishing unique, valuable publishing content have been at the forefront of the sector. Channel management is playing an increasingly important role in emerging markets, where new dedicated bookstores are appearing. This has resulted in significant upselling in these markets. Developing economies witnessing rising literacy rates represent another industry driver, offering huge market and growth potential over the coming years. Social aspects such as non-discrimination of the workforce and cultural sensitivity toward clients and communities remain at the center of public attention and scrutiny. Given media companies' power to shape public opinion, accountability, transparency and ethical advertising practices are also important factors.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Brand Management
- Customer Relationship Management
- Lobbying Activities
- Piracy

ENVIRONMENTAL DIMENSION

- Environmental Policy/ Management System
- Operational Eco-Efficiency
- Volatile Organic Compounds (VOCs) and Hazardous Substances in Supply Chain

SOCIAL DIMENSION

- Code of Ethics for Advertising
- Editorial Policy
- Ethical Conduct
- Occupational Health & Safety
- Protection of Children
- Stakeholder Engagement

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Pearson plc*	United Kingdom
SAM Bronze Class	British Sky Broadcasting	United Kingdom
	Reed Elsevier**	United Kingdom
	Wolters Kluwer N.V.	Netherlands
	Dai Nippon Printing Co. Ltd.	Japan
	ITV plc	United Kingdom
	JCDecaux S.A.	France
	McGraw-Hill Cos.	United States
	Vivendi S.A.	France
	Walt Disney Co.	United States
	WPP plc	United Kingdom

* SAM Sector Leader

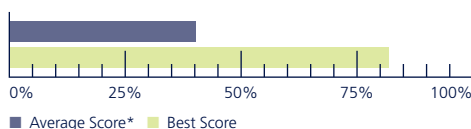
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	67
Number of companies assessed by SAM in 2010	39
Assessed companies to total companies in universe (%)	58
Market capitalization of assessed companies to total market capitalization (%)	84

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	46%	82%	38%
Environmental	31%	98%	14%
Social	39%	79%	48%

*Average score of all assessed companies in the sector



Medical Products

DRIVING FORCES

The medical device and service industry plays a critical role in improving the quality of life for patients with chronic diseases and in enabling individuals with disabilities to lead a less restricted life by facilitating the detection and effective treatment of chronic conditions. Product/service quality and safety management as well as close relationships with different stakeholders, such as prescribers, payers and patients are essential to gaining customers' trust and ensuring successful product development. The sector will be affected by healthcare reform programs, which will have an impact on reimbursement and pricing. On the other hand, moves to broaden healthcare coverage in emerging markets create new growth opportunities for this industry. Sustainable companies will have to adopt consistent, value- and stakeholder-oriented corporate strategies and governance systems based on effective human and intellectual capital management and a transparent reporting framework.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Customer Relationship Management
- Innovation Management
- Marketing Practices
- Research and Development

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Environmental Policy/Management System
- Operational Eco-Efficiency

SOCIAL DIMENSION

- Addressing Cost Burden
- Bioethics
- Health Outcome Contribution
- Occupational Health & Safety
- Stakeholder Engagement
- Standards for Suppliers
- Strategy to Improve Access to Drugs or Products

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Baxter International Inc.*	United States
	Becton Dickinson & Co.	United States
	bioMérieux S.A.	France
	Coloplast A/S **	Denmark
	Essilor International S.A.	France
	Medtronic Inc.	United States
	Smith & Nephew plc	United Kingdom

* SAM Sector Leader

** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	46
Number of companies assessed by SAM in 2010	25
Assessed companies to total companies in universe (%)	54
Market capitalization of assessed companies to total market capitalization (%)	80

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	55%	83%	40%
Environmental	37%	91%	10%
Social	35%	66%	50%

*Average score of all assessed companies in the sector



Mining

DRIVING FORCES

Major challenges facing the mining industry include improving mining safety, managing the complexities of environmental and regulatory requirements, and maintaining high corporate governance standards when operating in politically difficult regions. In order to achieve sustainable mining outcomes, companies are using strategies such as community engagement, technological improvement, climate change mitigation programs, or sustainability assessment tools to select preferred options for mine design, operation and closure. Finding innovative methods for mineral waste management and the prevention of groundwater contamination are additional challenging tasks. Further, plans for mine closures have gained momentum and now require sophisticated modeling and structured stakeholder engagement activities. The questionnaire for this sector has been revised substantially last year following several feedback rounds with companies and industry bodies. SAM thanks all supporting organizations for their important contribution to this methodological refinement: The University of Queensland, Cardiff University, University of British Columbia, CSRP (Centre for Sustainable Resource Processing), IAI, EAA, Centre for Social Responsibility in Mining, RWTH Aachen, WWF, Oxfam, SMI.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Materiality
- Transparency

ENVIRONMENTAL DIMENSION

- Biodiversity
- Climate Strategy
- Environmental Policy/ Management System
- Mineral Waste Management
- Operational Eco-Efficiency
- Water-Related Risks

SOCIAL DIMENSION

- Enabling Local Development
- Mine Closure
- Occupational Health & Safety
- Security Forces
- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Xstrata plc*	United Kingdom
	Anglo American plc	United Kingdom
	Newmont Mining Corp.	United States
SAM Silver Class	Barrick Gold Corp.	Canada
	Rio Tinto plc	United Kingdom
	Teck Resources Ltd. CI B	Canada
SAM Bronze Class	BHP Billiton Group	Australia
	Agnico-Eagle Mines Ltd.**	Canada
	Anglo Platinum Ltd.	South Africa
	AngloGold Ashanti Ltd.	South Africa
	Codelco ¹⁾	Chile
	Freeport-McMoRan Copper & Gold Inc.	United States
	Kinross Gold Corp.	Canada
	Lonmin plc	United Kingdom

* SAM Sector Leader

** SAM Sector Mover

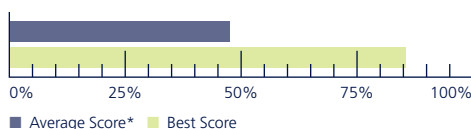
¹⁾ This company is not part of the largest 2'500 companies of the Dow Jones Global Stock Market Index

SECTOR STATISTICS

Number of companies in universe	83
Number of companies assessed by SAM in 2010	40
Assessed companies to total companies in universe (%)	48
Market capitalization of assessed companies to total market capitalization (%)	75

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	54%	91%	23%
Environmental	40%	83%	30%
Social	49%	86%	47%

*Average score of all assessed companies in the sector



Mobile Telecommunications

DRIVING FORCES

The mobile telecommunication sector has capitalized on the growth path paved by the increasing market penetration of mobile communications and substantial technological advances in wireless computing. Price pressure is becoming a growing concern. Key success factors include improvements in operational efficiency, innovation, customer services, and a well-defined branding strategy capable of establishing a competitive edge in a highly competitive and fast-paced market environment. Increasing network traffic must be accommodated by adding capacity and constantly optimizing existing networks. New services, from online gaming to on-demand video on mobile phones, require research and equipment that is capable of serving many different purposes. Increasing network performance draws attention to the issue of potential adverse health effects of electromagnetic fields from wireless products, and must be addressed in a transparent and proactive manner. Efforts to bridge the digital divide need to be supported by seizing investment opportunities in emerging markets.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Brand Management
- Customer Relationship Management
- Innovation Management
- Privacy Protection
- Service development

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Electro Magnetic Fields
- Environmental Policy/Management System
- Operational Eco-Efficiency

SOCIAL DIMENSION

- Digital inclusion
- Impact of Telecommunication services
- Occupational Health & Safety
- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	SK Telecom Co., Ltd.*/**	South Korea
	Deutsche Telekom AG	Germany
SAM Silver Class	Vodafone Group plc	United Kingdom
SAM Bronze Class	China Mobile Ltd.	Hong Kong
	Telenor ASA	Norway
	TeliaSonera AB	Sweden

* SAM Sector Leader

** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	39
Number of companies assessed by SAM in 2010	19
Assessed companies to total companies in universe (%)	49
Market capitalization of assessed companies to total market capitalization (%)	89

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	53%	89%	42%
Environmental	32%	82%	18%
Social	45%	80%	40%

*Average score of all assessed companies in the sector



Nondurable Household Products

DRIVING FORCES

Strong product brands and the capacity to innovate determine the competitive position of companies in this sector. Because nondurable household products come into direct or indirect contact with the human body and end up in the environment, these products must be proven to be safe for health and the environment. Product safety concerns increasingly influence new regulations, driving product innovation and reformulations. A changing regulatory environment with tougher restrictions on emissions, energy consumption and water use also has an impact on production and operating costs. In addition, companies are beginning to capitalize on the opportunities arising from implementation of sound product development and marketing strategies in emerging markets, which is increasingly likely to be a key success factor for such firms. However, in order to be successful in these new markets, companies must adapt to the specific needs of these markets and focus on providing value-adding products on a small enough scale and at affordable prices.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Brand Management
- Customer Relationship Management
- Innovation Management
- Strategy for Emerging Markets

ENVIRONMENTAL DIMENSION

- Environmental Policy/Management System
- Operational Eco-Efficiency
- Packaging
- Product Stewardship

SOCIAL DIMENSION

- Occupational Health & Safety
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Henkel AG & Co. KGaA**/**	Germany

* SAM Sector Leader

** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	8
Number of companies assessed by SAM in 2010	5
Assessed companies to total companies in universe (%)	63
Market capitalization of assessed companies to total market capitalization (%)	95

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	67%	88%	43%
Environmental	71%	84%	22%
Social	62%	73%	35%

*Average score of all assessed companies in the sector



Oil Equipment & Services

DRIVING FORCES

As subcontractors to the oil and gas majors, drilling companies must adhere to the strictest environmental, health & safety (EHS) standards in order to win contracts. Given concerns over reputational risk in the exploration and production sector, drilling companies are by default safeguarding the brand of the majors. As a result, EHS excellence and responsible management of social and political issues in often highly sensitive areas represent critical success factors. Technological innovation is driving the profitability of drilling companies as advanced seismic and deep-water technologies become the new frontier in oil exploration, against a backdrop of increasingly smaller and less accessible oil fields. The oil and gas sector continues to face challenges on the human resources front, with an aging workforce and an insufficient number of newly trained and qualified graduates specialized in oil related-fields, resulting in strong competition among companies for highly skilled experts. The boom and bust patterns that have characterized the sector in the past have prompted many trained engineers to leave the sector. As a result, a shortage of engineers is a real challenge today.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Customer Relationship Management

ENVIRONMENTAL DIMENSION

- Environmental Policy/ Management System
- Operational Eco-Efficiency
- Releases to the Environment

SOCIAL DIMENSION

- Business Risks
- Occupational Health & Safety
- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Silver Class	AMEC plc*	United Kingdom
	Halliburton Co.	United States
	Saipem S.p.A.	Italy
	SBM Offshore N.V.	Netherlands
	Schlumberger Ltd.**	United States
	Technip S.A.	France

* SAM Sector Leader

** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	41
Number of companies assessed by SAM in 2010	19
Assessed companies to total companies in universe (%)	46
Market capitalization of assessed companies to total market capitalization (%)	82

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	63%	79%	25%
Environmental	25%	83%	24%
Social	32%	64%	51%

*Average score of all assessed companies in the sector



Oil & Gas Producers

DRIVING FORCES

Oil and gas companies' ability to sustain long-term value creation will depend in particular on access to next-generation assets. Companies are struggling with increasing exploration and development costs from reserves located in deeper waters with complex geological features, rising taxes outside low-risk OECD regions and mounting costs of oil services and manpower. As a result, keeping down the cost base will be crucial for the industry. As the environment becomes more diverse and the challenges more complex, oil and gas companies are increasingly faced with a shortage of skilled employees. In addition, as exploration moves to remote and environmentally sensitive locations, environmental, health & safety excellence, coupled with progressive management of social issues such as community engagement, will remain important factors in ensuring energy companies' long-term profitability. As for environmental issues, the carbon challenge will remain at the top of the agenda. Active corporate strategies that seek out related business opportunities and mitigate carbon risks will be a driving force in securing companies' future competitiveness.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Customer Relationship Management
- Exploration & Production
- Gas Portfolio
- Transparency

ENVIRONMENTAL DIMENSION

- Biodiversity
- Climate Strategy
- Environmental Policy/Management System
- Operational Eco-Efficiency
- Refining/Cleaner Fuels
- Water-Related Risks

SOCIAL DIMENSION

- Occupational Health & Safety
- Social Impacts on Communities
- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Sasol Ltd.*	South Africa
	ENI S.p.A.	Italy
	MOL Nyrt	Hungary
	Repsol YPF S.A.	Spain
	Royal Dutch Shell plc	Netherlands
	S-Oil Corp.**	South Korea
	Statoil ASA	Norway
	Woodside Petroleum Ltd.	Australia
	SAM Silver Class	BG Group plc
EnCana Corp.		Canada
Neste Oil Oyj		Finland
Nexen Inc.		Canada
Petroleo Brasileiro S/A		Brazil
Santos Ltd.		Australia
Total S.A.		France
SAM Bronze Class	Chevron Corp.	United States
	Suncor Energy Inc.	Canada

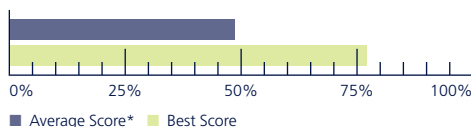
* SAM Sector Leader
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	113
Number of companies assessed by SAM in 2010	68
Assessed companies to total companies in universe (%)	60
Market capitalization of assessed companies to total market capitalization (%)	93

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	57%	88%	39%
Environmental	40%	86%	27%
Social	45%	80%	34%

*Average score of all assessed companies in the sector



Personal Products

DRIVING FORCES

Strong product brands and innovative strength determine the competitive position of companies in the personal products sector. Because they come into direct or indirect contact with the human body and end up in the natural environment, personal products have to be proven safe for human health and the environment. Product safety concerns increasingly influence new regulations and also drive new product innovations and reformulations. The changing regulatory environment also has an impact on production and operating costs through restrictions on emissions, energy consumption and water use. Revenue growth is strongly linked to a growing presence in emerging markets. In order to successfully serve the growing number of consumers in these markets, however, companies must offer affordable products adapted to local needs, and implement different marketing strategies than in the developed markets.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Brand Management
- Customer Relationship Management
- Innovation Management
- Strategy for Emerging Markets

ENVIRONMENTAL DIMENSION

- Environmental Policy/ Management System
- Operational Eco-Efficiency
- Packaging
- Product Stewardship

SOCIAL DIMENSION

- Occupational Health & Safety
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Amorepacific Corp. */**	South Korea
	Colgate-Palmolive Co.	United States
SAM Silver Class	LG Household & Health Care Ltd.	South Korea

* SAM Sector Leader
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	18
Number of companies assessed by SAM in 2010	13
Assessed companies to total companies in universe (%)	72
Market capitalization of assessed companies to total market capitalization (%)	90

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	61%	86%	43%
Environmental	61%	86%	22%
Social	54%	76%	35%

*Average score of all assessed companies in the sector



Pharmaceuticals

DRIVING FORCES

The pharmaceutical industry is a research-driven sector that relies on the development of new drugs with high sales potential. Despite heavy investments, declining R&D efficiency and innovation are reflected in limited drug pipelines. At the same time, the industry faces a patent cliff, as the patents of major pharmaceutical products are about to expire, opening the door to severe competition from generics. To preserve their profitability and generate higher returns, companies increasingly need to engage in licensing and acquisitions, along with smarter R&D spending. On the market side, governments struggling with fiscal deficits have cut healthcare budgets, putting pressure on drug pricing and fueling a debate on the cost-benefit ratio of many pharmaceutical products. As a result, key sectoral challenges include the therapeutic- and cost-effectiveness of drugs, access to and compliance of therapeutic treatments as well as the changing distribution model. In addition, pharmaceutical companies may face complex ethical discussions related to pharmacogenomics and drug safety issues.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Customer Relationship Management
- Innovation Management
- Marketing Practices
- Research and Development

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Environmental Policy/ Management System
- Operational Eco-Efficiency

SOCIAL DIMENSION

- Addressing Cost Burden
- Bioethics
- Health Outcome Contribution
- Occupational Health & Safety
- Stakeholder Engagement
- Standards for Suppliers
- Strategy to Improve Access to Drugs or Products

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Roche Holding AG*	Switzerland
	Abbott Laboratories	United States
	Novartis AG	Switzerland
	Novo Nordisk A/S	Denmark
SAM Silver Class	Astrazeneca plc	United Kingdom
	Sanofi-Aventis S.A.	France
SAM Bronze Class	GlaxoSmithKline plc	United Kingdom
	Johnson & Johnson	United States
	Merck & Co.**	United States

* SAM Sector Leader

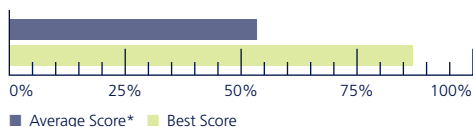
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	62
Number of companies assessed by SAM in 2010	31
Assessed companies to total companies in universe (%)	50
Market capitalization of assessed companies to total market capitalization (%)	93

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	60%	87%	40%
Environmental	59%	99%	10%
Social	47%	85%	50%

*Average score of all assessed companies in the sector



Pipelines

DRIVING FORCES

The need to transport energy - both fossil fuels and renewables - from politically and environmentally sensitive areas to demand-intensive geographic regions is driving value creation in the pipeline sector. To minimize future environmental costs, pipeline companies need to adopt state-of-the-art management systems to prevent leakages and emissions along their pipelines, supported by modern risk and crisis management systems. Moreover, the security of pipeline systems is vital to ensuring a constant and reliable energy supply from politically sensitive regions. As a result, human rights issues and stakeholder communication are becoming increasingly important in planning and operating pipelines in emerging countries. By adopting progressive community relations management systems, pipeline companies can reduce their exposure to human rights risks and reduce their operating costs, thereby gaining a sustainable competitive advantage.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Customer Relationship Management
- Diversification

ENVIRONMENTAL DIMENSION

- Biodiversity
- Environmental Policy/ Management System
- Operational Eco-Efficiency
- Releases to the Environment

SOCIAL DIMENSION

- Business Risks
- Occupational Health & Safety
- Social Impacts on Communities
- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

Company	Country
SAM Bronze Class TransCanada Corp.*/**	Canada

* SAM Sector Leader

** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	5
Number of companies assessed by SAM in 2010	4
Assessed companies to total companies in universe (%)	80
Market capitalization of assessed companies to total market capitalization (%)	94

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	67%	72%	31%
Environmental	36%	48%	24%
Social	52%	72%	45%

*Average score of all assessed companies in the sector



Real Estate

DRIVING FORCES

The real estate industry is a rather heterogeneous sector comprising developers and maintenance professionals as well as managers of and investors in residential or commercial buildings. Climate change and energy efficiency remain the main areas of concern for this sector. Constrained energy supplies and rising energy costs for all uses have made the amount of energy consumed in building operations a key factor in determining their attractiveness. Energy-efficient buildings and the choice of appropriate materials reduce the impact of energy costs and energy price volatility, boosting demand for residential, commercial and industrial green buildings. The development of strict energy efficiency regulations for buildings, including the introduction of energy performance certificates in Europe, should also drive demand for sustainable buildings. A similar trend, albeit less significant, can be expected with regard to water efficiency and greenhouse gas emissions. Real estate companies can also enjoy reputational benefits by increasingly offering and managing low-income housing in disadvantaged communities.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Stakeholder Engagement

ENVIRONMENTAL DIMENSION

- Biodiversity
- Building Materials
- Climate Change Strategy
- Environmental Policy/ Management System
- Operational Eco-Efficiency
- Resource Conservation and Resource Efficiency

SOCIAL DIMENSION

- Occupational Health & Safety
- Social Integration
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	GPT Group*	Australia
	Stockland**	Australia
SAM Silver Class	Lend Lease Group	Australia
SAM Bronze Class	CFS Retail Property Trust	Australia
	Commonwealth Property Office Fund	Australia
	Hammerson plc	United Kingdom
	British Land Co. plc	United Kingdom
	Capital Shopping Centres Group plc	United Kingdom
	CORIO N.V.	Netherlands
	Dexus Property Group	Australia
	Hysan Development Co. Ltd.	Hong Kong
	Keppel Land Ltd.	Singapore
	Klepierre S.A.	France
	Land Securities Group plc	United Kingdom
	ProLogis	United States
	SEGRO plc	United Kingdom
	Shaftesbury plc	United Kingdom
	Unibail-Rodamco S.A.	France

* SAM Sector Leader

** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	117
Number of companies assessed by SAM in 2010	51
Assessed companies to total companies in universe (%)	44
Market capitalization of assessed companies to total market capitalization (%)	68

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	62%	94%	26%
Environmental	36%	89%	39%
Social	37%	88%	35%

*Average score of all assessed companies in the sector



Semiconductors

DRIVING FORCES

As a key segment of the electronic supply chain, the need for resource efficiency and miniaturization is generating numerous innovation initiatives within the semiconductor sector, for example through low-power design and energy-saving devices. Quality, performance and reliability are elements that need to be monitored throughout the entire value chain. The sector must also address the environmental impacts of its own operations, for example by reducing waste, using fewer chemicals and hazardous substances, enhancing the energy efficiency of so-called clean rooms used in the production process, and by reducing consumption of ultra-pure water for cleaning cycles. High-quality research and development are important success factors for the sector as shrinkage, the migration to new materials and the introduction of more efficient production processes are the current dominant trends. Considering the long lead time involved in capacity extension, the semiconductor sector's extreme cyclicality is forcing companies to pay close attention to strategic planning and business cycle management. Companies need to continually attract new talent to ensure their long-term innovation strength.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Customer Relationship Management
- Innovation Management
- Product Quality and Recall Management

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Environmental Policy/Management System
- Operational Eco-Efficiency
- Product Stewardship
- Water-Related Risks

SOCIAL DIMENSION

- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Taiwan Semiconductor Manufacturing Co. Ltd.*	Taiwan
	Intel Corp.	United States
	Samsung Electronics Co., Ltd.**	South Korea
	United Microelectronics Corp.	Taiwan
SAM Bronze Class	Hynix Semiconductor Inc.	South Korea
	Infineon Technologies AG	Germany
	STMicroelectronics N.V.	Switzerland
	Rohm Co. Ltd.	Japan

* SAM Sector Leader

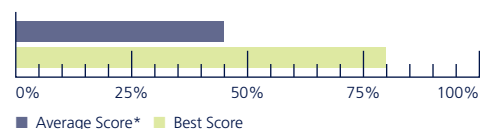
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	55
Number of companies assessed by SAM in 2010	29
Assessed companies to total companies in universe (%)	53
Market capitalization of assessed companies to total market capitalization (%)	87

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	56%	80%	33%
Environmental	37%	84%	35%
Social	42%	80%	32%

*Average score of all assessed companies in the sector



Software

DRIVING FORCES

Higher productivity targets and the need for improved resource management, combined with a continuously changing regulatory framework increases demand for information technology investments. The software sector is characterized by a fast-paced market environment in which the speed of innovation represents a key success factor. As innovation is tightly linked to human capital, efficient human resources management is vital for attracting and retaining qualified staff. In view of rapidly broadening customer needs, software companies need to adapt their solutions to meet more specific and customized requirements while keeping development costs under control. For instance, specialist planning software is needed to ensure the security of supply chains as products must be tracked from the material intake to their final delivery. Given the competitive threats from emerging markets and developing economies, intellectual property of software programs remains another key issue that companies must address. Because of the ubiquity of software in daily life, innovative and differentiated distribution models are gaining importance.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Brand Management
- Customer Relationship Management
- Innovation Management
- IT Security
- Privacy Protection
- Software-as-a-Service

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Environmental Policy/Management System
- Operational Eco-Efficiency

SOCIAL DIMENSION

- Digital Inclusion
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	SAP AG*	Germany
SAM Silver Class	Invensys plc	United Kingdom
	Autodesk Inc.	United States
	Symantec Corp.	United States
	Trend Micro Inc.**	Japan

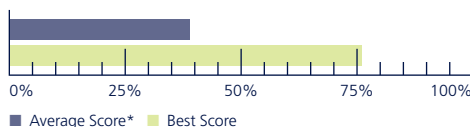
* SAM Sector Leader
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	30
Number of companies assessed by SAM in 2010	18
Assessed companies to total companies in universe (%)	60
Market capitalization of assessed companies to total market capitalization (%)	93

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	48%	80%	47%
Environmental	26%	81%	20%
Social	33%	72%	33%

*Average score of all assessed companies in the sector



Specialized Consumer Services

DRIVING FORCES

Companies in this sector are service providers engaged in a wide range of businesses. Sector-specific challenges include the need to effectively attract new and retain existing customers while expanding into new markets, continuously training employees and improving customer satisfaction. Companies need to strengthen their brand, polish their reputation and minimize any negative social and environmental impacts. Technological advances – particularly those related to the internet, electronic billing, privacy protection, real-time services and customer information – present opportunities for companies in this sector. Meanwhile, companies face the challenge of safeguarding customer identity, building trust and loyalty while simultaneously improving operational efficiencies.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Brand Management
- Customer Relationship Management
- Privacy Protection

ENVIRONMENTAL DIMENSION

- Environmental Policy/ Management System
- Operational Eco-Efficiency

SOCIAL DIMENSION

- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

Company	Country
Benesse Holdings Inc.*/**	Japan
H & R Block Inc.	United States

* SAM Sector Leader
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	13
Number of companies assessed by SAM in 2010	6
Assessed companies to total companies in universe (%)	46
Market capitalization of assessed companies to total market capitalization (%)	72

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	47%	72%	45%
Environmental	23%	64%	17%
Social	27%	49%	38%

*Average score of all assessed companies in the sector



Steel

DRIVING FORCES

One of the challenges faced by the iron and steel producing sector is the successful management of CO₂ constraints and climate change risks. Numerous steel companies are developing technologies to reduce the carbon intensity of the steel making process. Any breakthrough would represent a considerable competitive advantage, not only within the industry itself, but also in competition with the aluminum sector. In addition, greenhouse gas emissions, a reduction of airborne emissions of heavy metals, dioxins and furans, as well as recycling and reuse of waste will feature prominently on companies' future agendas. The consolidation seen in the steel sector over the last few years is likely to continue into the future. Competition will intensify as new players from Russia and China enter the market. In this context, successful supply chain management will become even more important as a means of counter-acting this competitive pressure.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Customer Relationship Management

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Environmental Policy/ Management System
- Operational Eco-Efficiency

SOCIAL DIMENSION

- Occupational Health & Safety
- Social Impacts on Communities
- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Silver Class	POSCO*	South Korea
SAM Bronze Class	ArcelorMittal**	Luxembourg
	Hyundai Steel Co.	South Korea
	Outokumpu Oyj	Finland
	Rautaruukki Oyj	Finland
	Tata Steel Ltd.	India
	Usinas Siderurgicas de Minas Gerais S/A	Brazil

* SAM Sector Leader

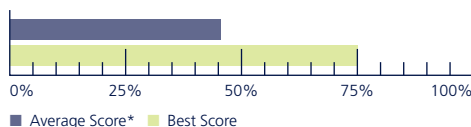
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	49
Number of companies assessed by SAM in 2010	24
Assessed companies to total companies in universe (%)	49
Market capitalization of assessed companies to total market capitalization (%)	78

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	54%	77%	24%
Environmental	40%	86%	30%
Social	44%	77%	46%

*Average score of all assessed companies in the sector



Support Services

DRIVING FORCES

For companies engaged in providing industrial services, employees are the main interface with customers and therefore play a critical role in the success of the business. Clear policies for employees and contractors combined with training programs, knowledge management and incentive schemes are important for creating a motivating, successful, safe and healthy working environment. Customer satisfaction must be increasingly systematically measured and improved to maintain a competitive edge. Some companies within the sector have higher exposure to environmental and human rights issues. Trading companies that acquire stakes in or operate large-scale projects such as exploration activities should control risks by integrating environmental and social impact assessments into their investment decisions and provide transparent reporting on such activities. Further, support services companies may risk transferring reputational risks onto their customers if their suppliers are found to be engaged in any environmental and human rights abuses, and should therefore proactively engage their suppliers on such topics.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Customer Relationship Management

ENVIRONMENTAL DIMENSION

- Environmental Policy/ Management System
- Operational Eco-Efficiency

SOCIAL DIMENSION

- Occupational Health & Safety
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	Marubeni Corp.*	Japan
	Mitsui & Co. Ltd.**	Japan
SAM Bronze Class	Kepeco Plant Service & Engineering Co. Ltd.	South Korea
	Sumitomo Corp.	Japan
	Capita Group plc	United Kingdom
	Experian plc	Ireland
	Itochu Corp.	Japan
	Mitsubishi Corp.	Japan
	Randstad Holding N.V.	Netherlands
	Rentokil Initial plc	United Kingdom
	SGS S.A.	Switzerland

* SAM Sector Leader

** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	66
Number of companies assessed by SAM in 2010	34
Assessed companies to total companies in universe (%)	52
Market capitalization of assessed companies to total market capitalization (%)	73

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	53%	86%	29%
Environmental	43%	97%	25%
Social	46%	72%	46%

*Average score of all assessed companies in the sector



Tobacco

DRIVING FORCES

The tobacco sector is mature and global cigarette sales volumes are stable. However, tobacco companies enjoy a unique position within the consumer sector in that they have strong pricing power and are able to raise cigarette prices. The sector's relationship with the public sector is of fundamental importance when it comes to tax policy and efforts to combat cigarette smuggling. Companies will need to prove that they have a robust system in place to track their product distribution. The sector faces intense public pressure from legislators, the media and NGOs as well as ongoing litigation cases. The WHO Framework Convention on Tobacco Control, which came into force in 2005, also places the sector under increased scrutiny. Provisions of the framework include among other things, restrictions on advertising to children, tax measures to reduce the demand for tobacco and health warnings on products. The sector will need to implement new global standards applicable in all of its markets. Driven by regulatory developments, tobacco companies are developing smoke-less tobacco products, such as snus, which claim to have a lower negative impact on health.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Brand Management
- Combatting Smuggling
- Customer Relationship Management

ENVIRONMENTAL DIMENSION

- Environmental Policy/ Management System
- Fuels for Tobacco Curing
- Operational Eco-Efficiency
- Raw Material Sourcing

SOCIAL DIMENSION

- Occupational Health & Safety
- Responsible Marketing Policies
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	KT&G Corp. */**	South Korea
	British American Tobacco plc	United Kingdom

* SAM Sector Leader
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	11
Number of companies assessed by SAM in 2010	10
Assessed companies to total companies in universe (%)	91
Market capitalization of assessed companies to total market capitalization (%)	99

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	65%	88%	32%
Environmental	60%	87%	25%
Social	46%	70%	43%

*Average score of all assessed companies in the sector



Travel & Tourism

DRIVING FORCES

Companies in the travel & tourism sector generally benefit from the development of the local economies in which they operate and vice versa. Although it is essential for these companies to ensure environmentally friendly operations, for example by using and promoting alternative energies and means of transportation, key sustainability challenges lie in the social arena. It is indispensable for companies in this sector to have an advanced employment model that includes talent attraction and retention, human capital development, occupational health & safety and a company-wide adherence to ethical principles preventing involvement in illegal activities. In view of continually increasing transport flows, companies also need to consider the needs of the local communities in the tourist destinations in which they operate. Companies must conduct careful analyses of locations and the supply chain to ensure their long-term ability to deliver services.

SECTOR SPECIFIC CRITERIA

ENVIRONMENTAL DIMENSION

- Economic Dimension
- Climate Strategy
- Environmental Policy/ Management System
- Operational Eco-Efficiency

SOCIAL DIMENSION

- Human Rights & Corruption
- Occupational Health & Safety
- Stakeholder Engagement

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	MTR Corp. Ltd.*	Hong Kong
	Firstgroup plc	United Kingdom
	TUI AG**	Germany
	TUI Travel plc	United Kingdom

* SAM Sector Leader

** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	25
Number of companies assessed by SAM in 2010	13
Assessed companies to total companies in universe (%)	52
Market capitalization of assessed companies to total market capitalization (%)	68

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	58%	83%	24%
Environmental	49%	91%	25%
Social	48%	76%	51%

*Average score of all assessed companies in the sector



Waste & Disposal Services

DRIVING FORCES

Waste & disposal services need to ensure appropriate treatment for the many different types of waste. Facilitating the reuse and recycling of end-of-life products are the main challenges for the sector. As many countries still rely on landfills for their waste disposal, a priority for the sector is the introduction of alternative and innovative treatment processes to complement exhausted landfill capacities. Another challenge lies in the management of greenhouse gases released by landfills: companies that use technologies to capture methane produced by decomposing waste and use it to generate energy will emerge as sector leaders. At the same time, the efficiency of transport equipment and logistics processes has a significant financial and environmental impact. Leading companies actively build a portfolio of real alternatives to landfills, and systematically tap the financial benefits of excellence in occupational health & safety. Active engagement with the sector's many stakeholders is an indispensable prerequisite for quick project approvals and the creation of a certain degree of confidence and transparency.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Customer Relationship Management
- Innovation Management
- Scorecards/Measurement Systems

ENVIRONMENTAL DIMENSION

- Climate Strategy
- Environmental Policy/Management System
- Landfilling and alternatives
- Operational Eco-Efficiency
- Transport and Logistics

SOCIAL DIMENSION

- Occupational Health & Safety
- Stakeholder Engagement

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Silver Class	Nalco Holding Co.*/**	United States
	Suez Environnement S.A.	France

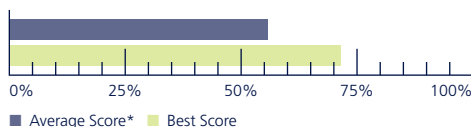
* SAM Sector Leader
** SAM Sector Mover

SECTOR STATISTICS

Number of companies in universe	7
Number of companies assessed by SAM in 2010	5
Assessed companies to total companies in universe (%)	71
Market capitalization of assessed companies to total market capitalization (%)	81

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	61%	79%	29%
Environmental	50%	80%	37%
Social	57%	75%	34%

*Average score of all assessed companies in the sector



Water

DRIVING FORCES

Water utilities are challenged by an increasing shortage of accessible water resources, deteriorating water quality, infrastructure expansion and maintenance requirements as well as tightening regulation. Political risks and adequate cost recovery represent another concern. Leading companies perform active resource management, by implementing innovative approaches to water sourcing, reducing water losses in transportation and distribution and fostering demand-side efficiency. Best practices also include the application of innovative sewage and sludge treatment methods in combination with biogas production. Quality-wise, substantial benefits can be achieved through extended research and partnerships with technology providers in the field of advanced water treatment focusing on the handling of existing or emerging water pollutants (e.g., endocrine disruptors). The ongoing trend toward liberalization of water utilities increases competition and rewards integrated, cost-efficient and customer-oriented water management strategies. Consequently, pricing strategies will come under increased scrutiny. Access to water continues to be highly political. A high degree of transparency of water utilities eases political risks, but still calls for effective stakeholder engagement.

SECTOR SPECIFIC CRITERIA

ECONOMIC DIMENSION

- Customer Relationship Management
- Scorecards/Measurement Systems
- Water Operations

ENVIRONMENTAL DIMENSION

- Biodiversity
- Climate Strategy
- Environmental Policy/Management System
- Operational Eco-Efficiency

SOCIAL DIMENSION

- Access to Water
- Occupational Health & Safety
- Stakeholder Engagement
- Standards for Suppliers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

	Company	Country
SAM Gold Class	United Utilities Group plc**/**	United Kingdom
	Sociedad General Aguas de Barcelona SA ¹⁾	Spain

* SAM Sector Leader

** SAM Sector Mover

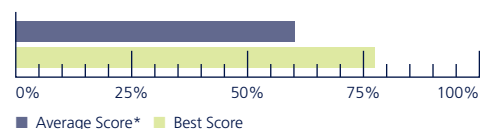
¹⁾ This company is not part of the largest 2,500 companies of the Dow Jones Global Stock Market Index and therefore not eligible for SAM Sector Leader.

SECTOR STATISTICS

Number of companies in universe	9
Number of companies assessed by SAM in 2010	5
Assessed companies to total companies in universe (%)	56
Market capitalization of assessed companies to total market capitalization (%)	69

RESULTS AT SECTOR LEVEL

Total Score



Dimension	Average Score*	Best Score	Weighting in Total Score
Economic	60%	73%	47%
Environmental	60%	87%	19%
Social	59%	84%	34%

*Average score of all assessed companies in the sector

An aerial photograph of terraced rice fields. The terraces are filled with young, vibrant green rice seedlings growing in shallow water. The dark brown earth of the terraces creates a grid-like pattern across the landscape. In the background, a dark, forested hillside rises against a clear sky. The text '7 ANNEX' is overlaid in white on the left side of the image.

7 ANNEX

7. Annex

7.1 SAM Profile

SAM is an investment boutique focused exclusively on Sustainability Investing. The firm's offering comprises asset management, indexes and private equity. Its asset management capabilities include a range of single-theme, multi-theme and core sustainability investment strategies catering to institutional asset owners and financial intermediaries in Europe, the United States, Asia-Pacific and the Middle East. Through its index activities, SAM has partnered with

Dow Jones Indexes for the publication and licensing of the globally recognized Dow Jones Sustainability Indexes (DJSI) as well as customized sustainability benchmarks. Furthermore, SAM is the center of expertise for clean tech private equity within Robeco. SAM belongs to Robeco, which was established in 1929 and offers a broad range of investment products and services worldwide. Robeco is a subsidiary of the AAA-rated Rabobank Group.

For more information on SAM, refer to www.sam-group.com

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7.2 SAM Academic Activities 2010

In 2010 SAM adopted a more proactive approach to developing its research relationships with academia. The purpose of its research collaborations is to confirm SAM's research leadership position in the Sustainability Finance industry, capitalize on the value of SAM's proprietary database and further develop its cutting edge methodology for integrating sustainability into the investment process. Under this prism, SAM is focusing on extensive collaboration with and sponsorship of selected academic

institutions such as ETH and IESE. In all cooperations SAM assumes an active role in designing, leading and actively supervising the projects.

- **Corporate Sustainability: Theoretical roots, design elements and empirical evidence**
Depart. of Business Ethics, IESE Business School
- **Sponsorship of 2010 oikos PRI Young Scholars Finance Academy**

7.3 PricewaterhouseCoopers Profile

For more information on PwC, refer to www.pwc.com

For more information on PwC's sustainable business solutions, refer to www.pwc.com/sustainability

PricewaterhouseCoopers (PwC) provides industry-focused assurance, tax, and advisory services to build public trust and enhance value for its clients and their stakeholders. More than 155,000 people in 153 countries across our network share their thinking, experience and solutions to develop fresh perspectives and practical advice. PwC is the leader in providing

sustainable business solutions. PwC helps clients to improve social, environmental and economic performance and create long-term shareholder value, through delivering strategy, governance, performance management and reporting and assurance solutions. PwC has over 800 dedicated sustainability experts in more than 45 countries.

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A line of orange buoys floating in rippling water. The buoys are connected by a thin line and are arranged in a slightly curved path across the frame. The water is dark and has many small ripples, creating a textured background. The buoys are bright orange and have a small white cap at the top. The text '8 COMPANY OVERVIEW' is overlaid in white, sans-serif font on the left side of the image.

8 COMPANY OVERVIEW

8. Company Overview

Company Name	SAM Sector Leader	SAM Sector Mover	SAM Gold Class	SAM Silver Class	SAM Bronze Class	Page
3i Group plc						69
3M Company				●		64
ABB Ltd.				●		82
Abbott Laboratories			●			94
Abertis Infraestructuras S.A.				●		83
Acciona S.A.			●			79
Accor S.A.				●		81
adidas AG			●			59
Aegon N.V.					●	84
Aeon Co. Ltd.						77
Agilent Technologies Inc.						68
AGL Energy Ltd.				●		67
Agnico-Eagle Mines Ltd.		●				88
Ahold N.V.						71
Air France-KLM	●		●			49
Air Products & Chemicals Inc.						58
Ajinomoto Co. Inc.						72
Akzo Nobel N.V.			●			58
Alcatel-Lucent		●		●		60
Alcoa Inc.	●	●	●			51
Allianz SE			●			84
Alstom S.A.					●	82
AMEC plc	●			●		91
Amorepacific Corp.	●	●	●			93
AMP Ltd.						69
Anglo American plc			●			88
Anglo Platinum Ltd.						88
AngloGold Ashanti Ltd.						88
ArcelorMittal		●			●	100
Astrazeneca plc				●		94
ASX Ltd.						69
Atlantia S.p.A.		●	●			83
Atlas Copco AB						82
Au Optronics Corp.	●	●	●			61
Australia & New Zealand Banking Group Ltd.	●		●			54
Autodesk Inc.						98

Company Name	SAM Sector Leader	SAM Sector Mover	SAM Gold Class	SAM Silver Class	SAM Bronze Class	Page
Aviva plc					●	84
AXA S.A.					●	84
Ball Corp.					●	63
Banca Monte dei Paschi di Siena S.p.A.						54
Banco Bilbao Vizcaya Argentaria S.A.					●	54
Banco Bradesco S/A					●	54
Banco do Brasil S/A						54
Banco Espirito Santo S/A						54
Banco Santander S.A.					●	54
Bank of Nova Scotia						54
Barclays plc					●	54
Barrick Gold Corp.				●		88
BASF SE				●		58
Baxter International Inc.	●		●			87
Bayer AG				●		58
Becton Dickinson & Co.						87
Benesse Holdings Inc.	●	●				99
BG Group plc				●		92
BHP Billiton Group					●	88
Biogen Idec Inc.					●	56
bioMérieux S.A.						87
BMW AG	●	●	●			53
BNP Paribas S.A.						54
Bombardier Inc.					●	48
Boral Ltd.					●	57
British American Tobacco plc				●		102
British Land Co. plc						96
British Sky Broadcasting					●	86
BT Group plc			●			70
Campbell Soup Co.						72
Canadian Imperial Bank of Commerce						54
Capita Group plc						101
Capital Shopping Centres Group plc						96
Carrefour S.A.						71
Caterpillar Inc.	●			●		82
CFS Retail Property Trust					●	96

Company Name	SAM Sector Leader	SAM Sector Mover	SAM Gold Class	SAM Silver Class	SAM Bronze Class	Page
Chevron Corp.					●	92
China Mobile Ltd.					●	89
Cia Energetica de Minas Gerais (CEMIG)			●			67
Cisco Systems Inc.				●		60
Citigroup Inc.						54
Coca-Cola Hellenic Bottling Co. S.A.				●		55
Codeco ¹⁾						88
Colgate-Palmolive Co.			●			93
Coloplast A/S		●				87
Commonwealth Property Office Fund					●	96
ConAgra Foods Inc.						72
CORIO N.V.						96
Credit Agricole S.A.						54
Credit Suisse Group					●	54
CRH plc				●		57
Criteria CaixaCorp S.A.						69
Cummins Inc.					●	82
Daelim Industrial Co. Ltd.						79
Daewoo Securities Co. Ltd.						69
Dai Nippon Printing Co. Ltd.						86
Daikin Industries Ltd.				●		82
Daimler AG				●		53
Daishin Securities Co. Ltd.						69
Daiwa Securities Group Inc.						69
Danisco A/S					●	72
Danone S.A.					●	72
Denso Corp.						52
Deutsche Bank AG					●	54
Deutsche Boerse AG						69
Deutsche Lufthansa AG				●		49
Deutsche Post AG				●		83
Deutsche Telekom AG			●			89
Dexia S.A.						54
Dexus Property Group						96
Diageo plc		●	●			55
DnB NOR ASA					●	54
Dow Chemical Co.				●		58
DSM N.V.	●		●			58
Duke Energy Corp.		●		●		67
E.ON AG				●		67
Eaton Corp.						64
EDP-Energias de Portugal S.A.	●		●			67
Electrolux AB	●			●		65

Company Name	SAM Sector Leader	SAM Sector Mover	SAM Gold Class	SAM Silver Class	SAM Bronze Class	Page
Embraer-Empresa Brasileira de Aeronautica S.A.			●			48
Enagas S.A.				●		76
EnCana Corp.				●		92
Endesa S.A.				●		67
Enel S.p.A.					●	67
ENI S.p.A.			●			92
Entergy Corp.					●	67
Essilor International S.A.						87
Exelon Corp.					●	67
Experian plc						101
Ferrovial S.A.				●		79
Fiat S.p.A.			●			53
Fibria Celulose S.A.				●		73
Finmeccanica S.p.A.		●	●			48
Firstgroup plc			●			103
Fomento de Construcciones y Contratas S.A.				●		79
Fortum Oyj					●	67
Fraport AG				●		83
Freeport-McMoRan Copper & Gold Inc.						88
Fresenius Medical Care AG & Co. KGaA		●				78
Fuji Electric Holdings Co., Ltd.				●		66
FUJIFILM Holdings Corp.			●			61
Fujitsu Ltd.				●		61
Gamesa Corporacion Tecnologica S.A.	●				●	50
Gas Natural Fenosa S.A.	●		●			76
Geberit AG					●	57
General Electric Co.				●		64
General Mills Inc.						72
Genzyme Corp.		●				56
GlaxoSmithKline plc					●	94
GPT Group	●		●			96
Grupo Nacional de Chocolates S.A.		●				72
GS Engineering & Construction Corp.		●		●		79
H.J. Heinz Co.						72
H&R Block Inc.						99
Halliburton Co.						91
Hammerson plc					●	96
Henkel AG & Co. KGaA	●	●	●			90
Hennes & Mauritz AB						77
Herman Miller Inc.	●	●		●		74
Hewlett-Packard Co.				●		61
Hitachi Ltd.				●		68
Hochtief AG					●	79

¹⁾ This company is not part of the largest 2,500 companies of the Dow Jones Global Stock Market Index

8. Company Overview

Company Name	SAM Sector Leader	SAM Sector Mover	SAM Gold Class	SAM Silver Class	SAM Bronze Class	Page
Holcim Ltd.			●			57
Home Retail Group plc						77
Hormel Foods Corp.						72
HSBC Holdings plc					●	54
Humana Inc.						78
Hynix Semiconductor Inc.					●	97
Hysan Development Co. Ltd.						96
Hyundai Engineering & Construction Co., Ltd.	●		●			79
Hyundai Steel Co.					●	100
Iberdrola S.A.				●		67
Iberia Lineas Aereas de Espana S.A.		●	●			49
Ibiden Co., Ltd.					●	66
IBM (International Business Machines Corp.)					●	62
IMI plc					●	82
Inditex				●		77
Indra Sistemas S.A.	●	●			●	62
Infineon Technologies AG					●	97
ING Groep N.V.				●		84
Ingersoll-Rand plc		●			●	82
Insurance Australia Group Ltd.				●		84
Intel Corp.			●			97
International Personal Finance plc ¹⁾						69
Intesa Sanpaolo S.p.A.		●				54
Invensys plc				●		98
Investec plc						69
Italcementi Group S.p.A. ¹⁾				●		57
Itau Unibanco Holding S.A.				●		54
Itausa-Investimentos Itau S/A	●			●		69
Itochu Corp.						101
ITT Corp.						64
ITV plc						86
J Sainsbury plc	●		●			71
JCDecaux S.A.						86
Johnson & Johnson					●	94
Johnson Controls Inc.			●			52
Johnson Matthey plc					●	58
Kepco Plant Service & Engineering Co. Ltd.					●	101
Keppel Land Ltd.						96
Kesko Oyj				●		71
Kingfisher plc				●		77
Kinross Gold Corp.						88
Klepierre S.A.						96
Komatsu Ltd.					●	82

Company Name	SAM Sector Leader	SAM Sector Mover	SAM Gold Class	SAM Silver Class	SAM Bronze Class	Page
Konica Minolta Holdings Inc.				●		85
KPN N.V.		●	●			70
Kraft Foods Inc.				●		72
KT Corp.				●		70
KT&G Corp.	●	●	●			102
Ladbrokes plc			●			75
Lafarge S.A.				●		57
Land Securities Group plc						96
Legal & General Group plc					●	84
LeGrand S.A.						66
Lend Lease Group				●		96
LG Electronics Inc.		●				85
LG Household & Health Care Ltd.				●		93
Li & Fung Ltd.					●	59
Life Technologies Corp.			●			56
Linde AG						58
Lloyds Banking Group plc					●	54
Lonmin plc						88
Lotte Shopping Co., Ltd.	●	●	●			77
LVMH Moet Hennessy Louis Vuitton		●	●			59
Macy's Inc.						77
Man Group plc						69
Mapfre S.A.		●		●		84
Marks & Spencer Group plc				●		77
Marubeni Corp.	●		●			101
McDonald's Corp.		●	●			81
McGraw-Hill Cos.						86
MeadWestvaco Corp.	●		●			63
Medtronic Inc.						87
Merck & Co.		●			●	94
Metro AG					●	77
Metso Corp.						82
Michelin				●		52
Mitsubishi Corp.						101
Mitsui & Co. Ltd.		●	●			101
MOL Nyrt			●			92
Morgan Stanley						69
Motorola Inc.			●			60
MTR Corp. Ltd.	●		●			103
Muenchener Rueckversicherungs-Gesellschaft AG				●		84
Nalco Holding Co.	●	●	●			104
National Australia Bank Ltd.				●		54
National Grid plc					●	67

¹⁾ This company is not part of the largest 2,500 companies of the Dow Jones Global Stock Market Index

Company Name	SAM Sector Leader	SAM Sector Mover	SAM Gold Class	SAM Silver Class	SAM Bronze Class	Page
NEC Corp.			●			61
Nedbank Group Ltd.					●	54
Neste Oil Oyj				●		92
Nestlé S.A.			●			72
Newmont Mining Corp.			●			88
Nexen Inc.				●		92
Nike Inc.			●			59
Nippon Yusen K.K.				●		83
NKSJ Holdings Inc.			●			84
Nokia Corp.	●		●			60
Nomura Holdings Inc.						69
Novartis AG			●			94
Novo Nordisk A/S			●			94
Novozymes A/S	●		●			56
NSK Ltd.		●				52
NYSE Euronext						69
Office Depot Inc.						77
Outokumpu Oyj					●	100
Owens Corning		●		●		57
Owens-Illinois Inc.		●			●	63
Panasonic Corp.	●		●			85
Panasonic Electric Works Co. Ltd.	●		●			57
Pearson plc	●		●			86
PepsiCo Inc.	●		●			55
Petroleo Brasileiro S/A				●		92
PG & E Corp.					●	67
Philips Electronics N.V.			●			85
Pirelli & C. S.p.A.	●		●			52
Portugal Telecom SGPS S/A			●			70
POSCO	●			●		100
Potash Corp. of Saskatchewan Inc.					●	58
Praxair Inc.		●		●		58
ProLogis						96
Provident Financial plc						69
Public Service Enterprise Group Inc.					●	67
Puma AG	●		●			59
Quest Diagnostics Inc.						78
Randstad Holding N.V.						101
Rautaruukki Oyj					●	100
Red Electrica Corp. S.A.					●	67
Redecard S/A						69
Reed Elsevier		●			●	86
Rentokil Initial plc						101

Company Name	SAM Sector Leader	SAM Sector Mover	SAM Gold Class	SAM Silver Class	SAM Bronze Class	Page
Repsol YPF S.A.			●			92
Rhodia S.A.					●	58
Rio Tinto plc					●	88
Roche Holding AG	●		●			94
Rohm Co. Ltd.						97
Rolls-Royce Group plc	●		●			48
Royal Bank of Canada						54
Royal Bank of Scotland Group plc						54
Royal Dutch Shell plc			●			92
RSA Insurance Group plc					●	84
RWE AG					●	67
S-Oil Corp.		●	●			92
Safeway Inc.		●				71
Saipem S.p.A.						91
Samsung Electro-Mechanics Co., Ltd.	●	●	●			66
Samsung Electronics Co., Ltd.		●	●			97
Samsung SDI Co. Ltd.	●		●			68
Samsung Securities Co. Ltd.		●				69
Sandvik AB					●	82
Sanofi-Aventis S.A.					●	94
Santos Ltd.					●	92
SAP AG	●		●			98
Sara Lee Corp.						72
Sasol Ltd.	●		●			92
SBM Offshore N.V.						91
Schlumberger Ltd.		●				91
Schneider Electric S.A.						66
Schroders plc						69
SEGRO plc						96
Seiko Epson Corp.					●	61
Sekisui Chemical Co., Ltd.						80
Sekisui House Ltd.						80
Seven & I Holdings Co. Ltd.						77
SGS S.A.						101
Shaftesbury plc						96
Siam Cement plc			●			57
Siemens AG	●	●	●			64
SK Telecom Co., Ltd.	●	●	●			89
SKF AB					●	82
Smith & Nephew plc						87
Snam Rete Gas S.p.A.					●	76
Sociedad General Aguas de Barcelona SA ²⁾			●			105
Societe Generale S.A.						54

²⁾ This company is not part of the largest 2,500 companies of the Dow Jones Global Stock Market Index and therefore not eligible for SAM Sector Leader.

8. Company Overview

Company Name	SAM Sector Leader	SAM Sector Mover	SAM Gold Class	SAM Silver Class	SAM Bronze Class	Page
Sodexo S.A.	●		●			81
Sonoco Products Co.			●			63
Sony Corp.						85
Spectra Energy Corp.		●			●	76
Standard Chartered plc					●	54
Standard Life plc				●		84
Staples Inc.						77
Starbucks Corp.				●		81
State Street Corp.						69
Statoil ASA			●			92
STMicroelectronics N.V.					●	97
Stockland		●	●			96
Stora Enso Oyj	●	●		●		73
Storebrand ASA				●		84
STX Engine Co. Ltd.						82
Suez Environnement S.A.				●		104
Sulzer AG				●		82
Sumitomo Corp.					●	101
Sumitomo Forestry Co., Ltd.	●	●				80
Suncor Energy Inc.					●	92
Swiss Re	●		●			84
Symantec Corp.						98
Syngenta AG				●		58
TABCorp Holdings Ltd.	●	●	●			75
Taiwan Semiconductor Manufacturing Co. Ltd.	●		●			97
Tata Consultancy Services Ltd.						62
Tata Steel Ltd.						100
TDK Corp.						66
Technip S.A.						91
Teck Resources Ltd. CI B				●		88
Teijin Ltd.				●		58
Telecom Italia S.p.A.			●			70
Telefonica S.A.	●		●			70
Telenor ASA					●	89
TeliaSonera AB						89
Telstra Corp. Ltd.			●			70
Teradata Corp.					●	62
TERNA S.p.A.				●		67
Tesco plc						71
The Coca-Cola Co.			●			55
TNT N.V.	●		●			83
Tokio Marine Holdings Inc.				●		84
Toray Industries Inc.						58

Company Name	SAM Sector Leader	SAM Sector Mover	SAM Gold Class	SAM Silver Class	SAM Bronze Class	Page
Toshiba Corp.				●		64
Total S.A.				●		92
Toyota Motor Corp.				●		53
TransCanada Corp.	●	●			●	95
Transurban Group			●			83
Trend Micro Inc.		●				98
TUI AG		●	●			103
TUI Travel plc						103
UBS AG						54
Umicore S.A.						58
Unibail-Rodamco S.A.						96
Unilever	●		●			72
United Microelectronics Corp.			●			97
United Parcel Service Inc.				●		83
United Technologies Corp.				●		48
United Utilities Group plc	●	●	●			105
UnitedHealth Group Inc.	●					78
Usinas Siderurgicas de Minas Gerais S/A						100
Vestas Wind Systems A/S		●			●	50
Vinci S.A.						79
Vivendi S.A.						86
Vodafone Group plc				●		89
Volkswagen AG			●			53
Volvo AB				●		82
Walt Disney Co.						86
Wesfarmers Ltd.						77
Westpac Banking Corp.			●			54
Weyerhaeuser Co.					●	57
Whirlpool Corp.		●		●		65
Wipro Ltd.						62
Wolters Kluwer N.V.					●	86
Woodside Petroleum Ltd.			●			92
WPP plc						86
Xstrata plc	●		●			88
Yokogawa Electric Corp.		●				68
Zurich Financial Services AG					●	84



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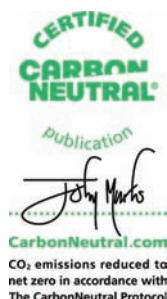
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Church of Sweden Anders Thorendal, CIO

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The UN PRI is a well-needed tool for investors and asset managers to handle risk and create sustainable value."

Norges Bank Investment Management (NBIM)

"The NBIM Investor Expectations: Water Management specify investor expectations for corporate performance with regard to water management ... Companies in high risk sectors and/or regions that have the best systems and technologies to deal with water challenges are better positioned to mitigate water-related risk, identify new market opportunities and create shareholder value."

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