

Dow Jones Sustainability Indexes (DJSI) – Annual Review 2003

Zurich, Switzerland
4 September 2003

Content

I. Key Facts

II. Research Highlights

III. Dow Jones Sustainability World Indexes

IV. Dow Jones STOXX Sustainability Indexes

DJSI – Overview

- **Integrated** assessment of economic, social and environmental criteria with a strong focus on long-term shareholder value
- **Consistent rule-based methodology**, primary research (direct contact to companies)
- **Coverage** of 60 industries world-wide using industry-specific assessment criteria
- **Yearly review** to reflect best-practices and **continuous monitoring** of companies
- **45 licenses** sold to asset managers in 14 countries. **2.2 billion EUR** managed against the DJSI family

DJSI – Partners



Creates and licenses indexes for use in investment products, calculates 3,000+ indexes in real time



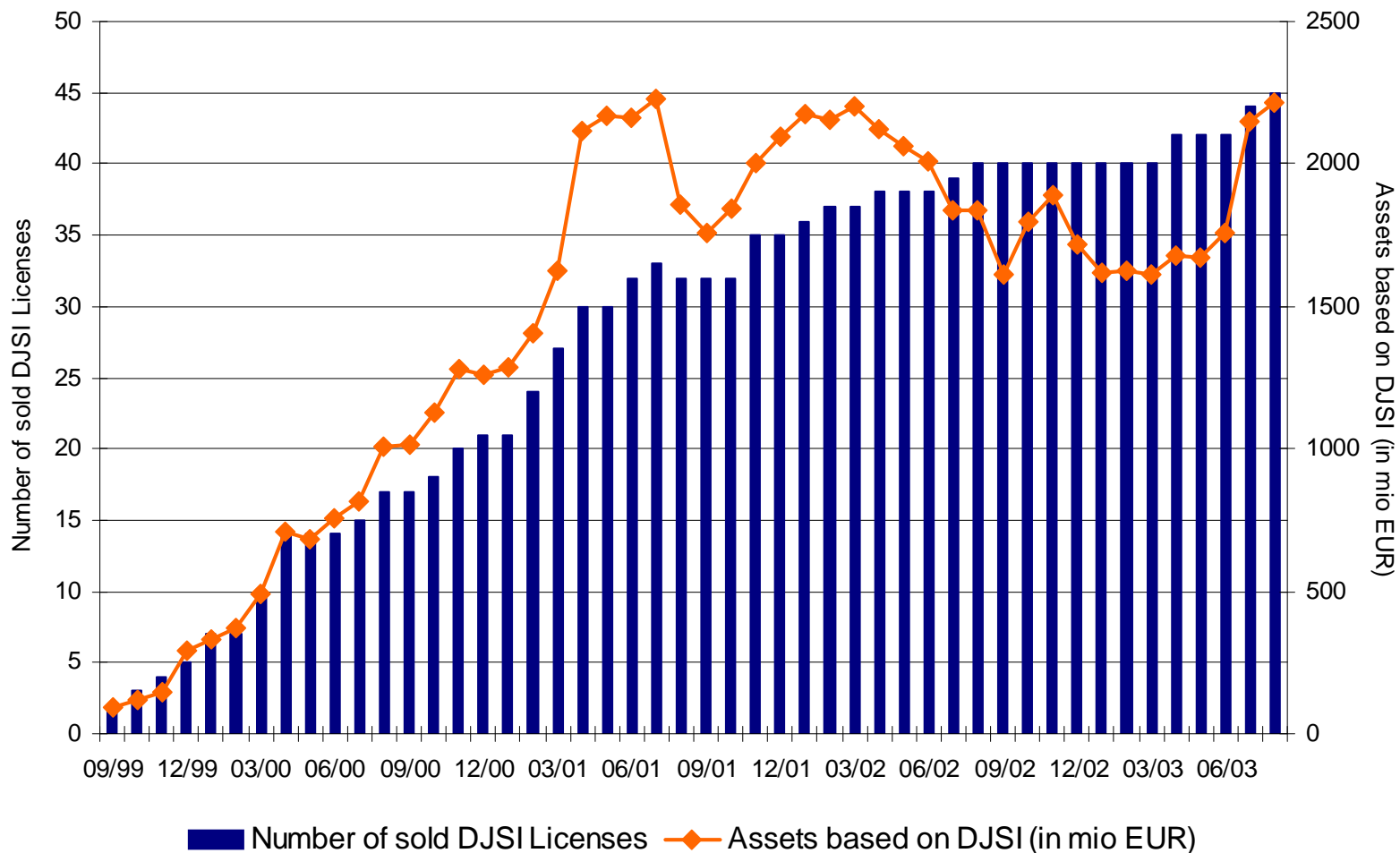
Provides and services the Dow Jones STOXXSM indexes, Europe's leading regional equity indexes.



Focuses exclusively on sustainability investments, offers indexes, research, asset management and private equity services

DJSI – Assets & Sold Licenses

September 1999 - August 2003



DJSI – Licensees

as of August 31, 2003

| | |
|--------------------------------------|--|
| Aegon (NL) | Nikko Asset Management (JP) |
| Baloise Insurance (CH) | Oppenheim (DE) |
| BNL Gestioni (IT) | OP Fund Management Company (FI) |
| CIC Asset Management (FR) | Raiffeisen (AT) |
| Credit Suisse Asset Management (CH) | Rabo Bank (UK) |
| Credit Union Central of Ontario (CA) | Rothschild & Cie Gestion (FR) |
| Danske Invest / BG Invest (DK) | Sagitta Wealth Management Limited (AU) |
| Dexia Asset Management (BE) | SAM Sustainable Asset Management (CH) |
| Deutsche Postbank (DE) | Sparinvest (DK) |
| DWS (DE) | SPP (SE) |
| DZ Bank (DE) | State Street Global Advisors (US) |
| Folksam Sak (SE) | Sustainable Performance Group (CH) |
| Gerling Investment (DE) | Swiss Life Asset Management (CH) |
| Gestnord (IT) | Synchrony Asset Management (CH) |
| HypoVereinsbank (DE) | Theodoor Gilissen Bankiers (NL) |
| Invesco (DE) | Union Investment (DE) |
| Kepler Fonds KAG (AT) | WestLB (DE) |
| Merrill Lynch (UK) | VZ VermögensZentrum (CH) |
| Mandatum Asset Management (FI) | Zenit (IT) |

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Assessment – Key Insights 2003

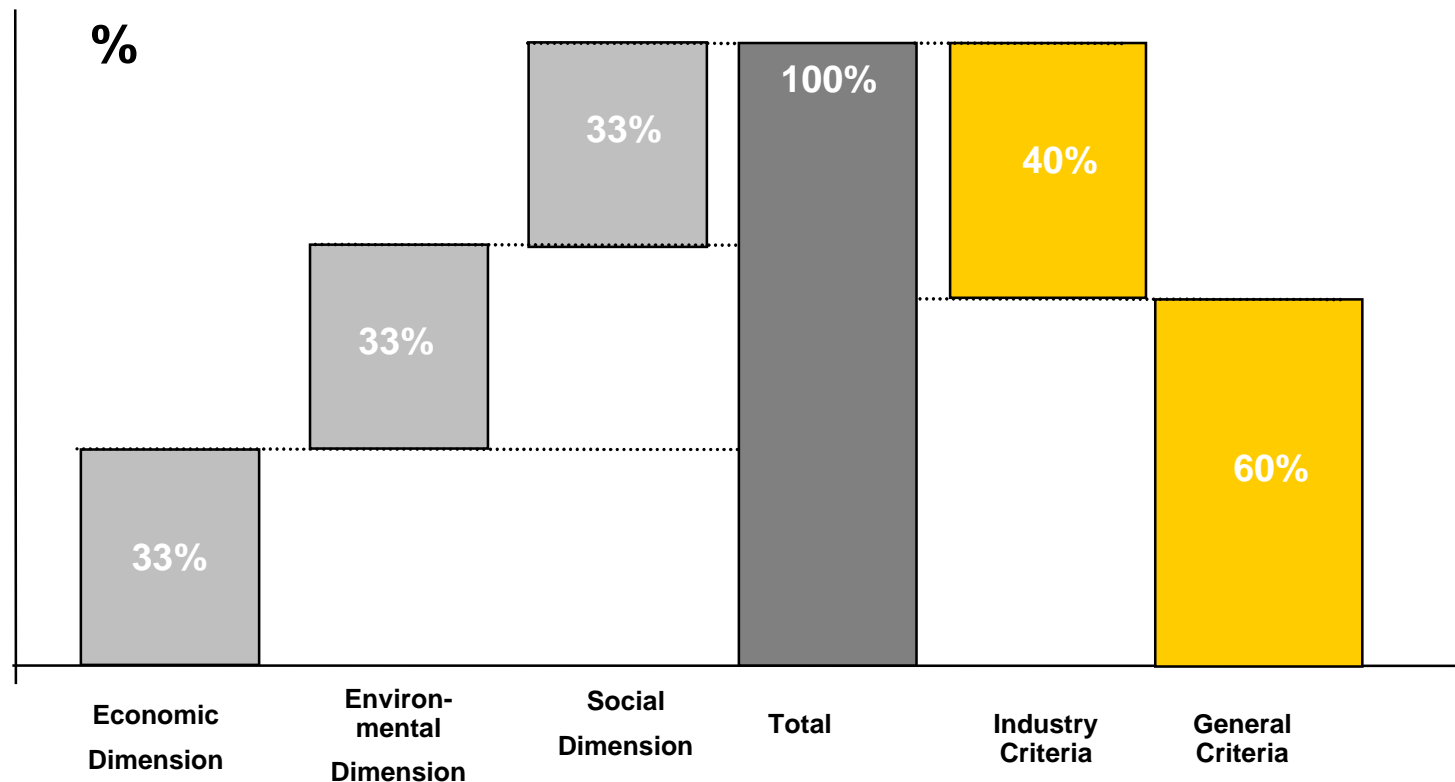
- Ø Level of sophistication regarding corporate sustainability has increased significantly in past 12 months across most industries.
- Ø Many more companies understand the strategic nature of corporate sustainability, a step forward relative to companies interpreting corporate sustainability as merely an „add-on“.
- Ø True strategic re-alignments of product portfolios and assets are increasingly determined by corporate commitments to sustainability.
- Ø Regionally, the corporate governance crisis in the USA has stimulated an increased interest from North American business in understanding and integrating sustainability considerations.
- Ø Competition to gain or maintain membership of the DJSI has become more intense, especially in high exposure sectors, such as energy and mining.
- Ø Sustainability reporting is now wide-spread and increasingly sophisticated, with many reports externally verified or adopting GRI metrics.

Assessment – Overview

- Ø DJSI World Universe = 2,500 companies
- Ø DJSI STOXX Universe = 600
- Ø Invitations sent = 2,550
- Ø Companies analysed globally = 771
 - Europe: 352
 - North America: 254
 - Asia / Pacific: 158
 - Latin America: 7
- Ø Companies completing survey = 487
- Ø Companies analysed based on public information only = 284
- Ø PricewaterhouseCoopers verification of research process and quality.

Assessment – Criteria (I)

The weighting scheme reflects the importance of industry-specific criteria



Please note that actual weightings differ amongst every industry group to reflect the sector's specific exposure to sustainability trends. The graph above is illustrative of the approximate weightings.

Assessment – Criteria (I)

Criteria are reviewed annually to ensure an accurate and up-to-date reflection of best-practice in corporate sustainability

| DJSI 2003 General Criteria | Changes compared to 2002 |
|---|--|
| Corporate Governance | Board committees refined, communication of Board members' remuneration replaces communication of trading rules |
| Investor Relations | Investor relations face to face meetings and perception studies replace breakdown of investor's base |
| Strategic Planning | Value creation through sustainability strategy added |
| Scorecards / Measurement Systems | Scorecard perspectives refined and better aligned with value creation |
| Risk & Crisis Management | Reputation/Issue management responsibility added, near misses deleted |
| Codes of Conduct / Compliance / Corruption & Bribery | Anti-Corruption & Bribery policy, coverage, reporting added |
| Customer Relationship Management (CRM) | CRM process/system, CRM Customer satisfaction replace CRM database |
| Financial Robustness | No change |
| Environmental Policy / Management | Responsibility for environmental strategy; Environmental management system: certification added |
| Environmental Performance | Renewable Energy question deleted |

Assessment – Criteria (II)

| DJSI 2003 General Criteria | Changes compared to 2002 |
|--|---|
| Environmental Reporting | Assessed through publicly available documents. Not through questionnaire |
| Labor Practices Indicators | Refined |
| Human Capital Development | Contains questions from the 2002 criteria Workforce Capabilities |
| Talent Attraction & Retention | Contains questions of the 2002 criteria Remuneration, Management Attention to Human Resources and Employee Satisfaction |
| Knowledge Management/ Organisational learning | Refined |
| Standards for Suppliers | Formerly supply chain management, question regarding systems deleted |
| Stakeholder Engagement | Refined to reflect alignment with corporate strategy |
| Corporate Citizenship/ Philanthropy | added |
| Social Reporting | Assessed through publicly available documents. Not through questionnaire |

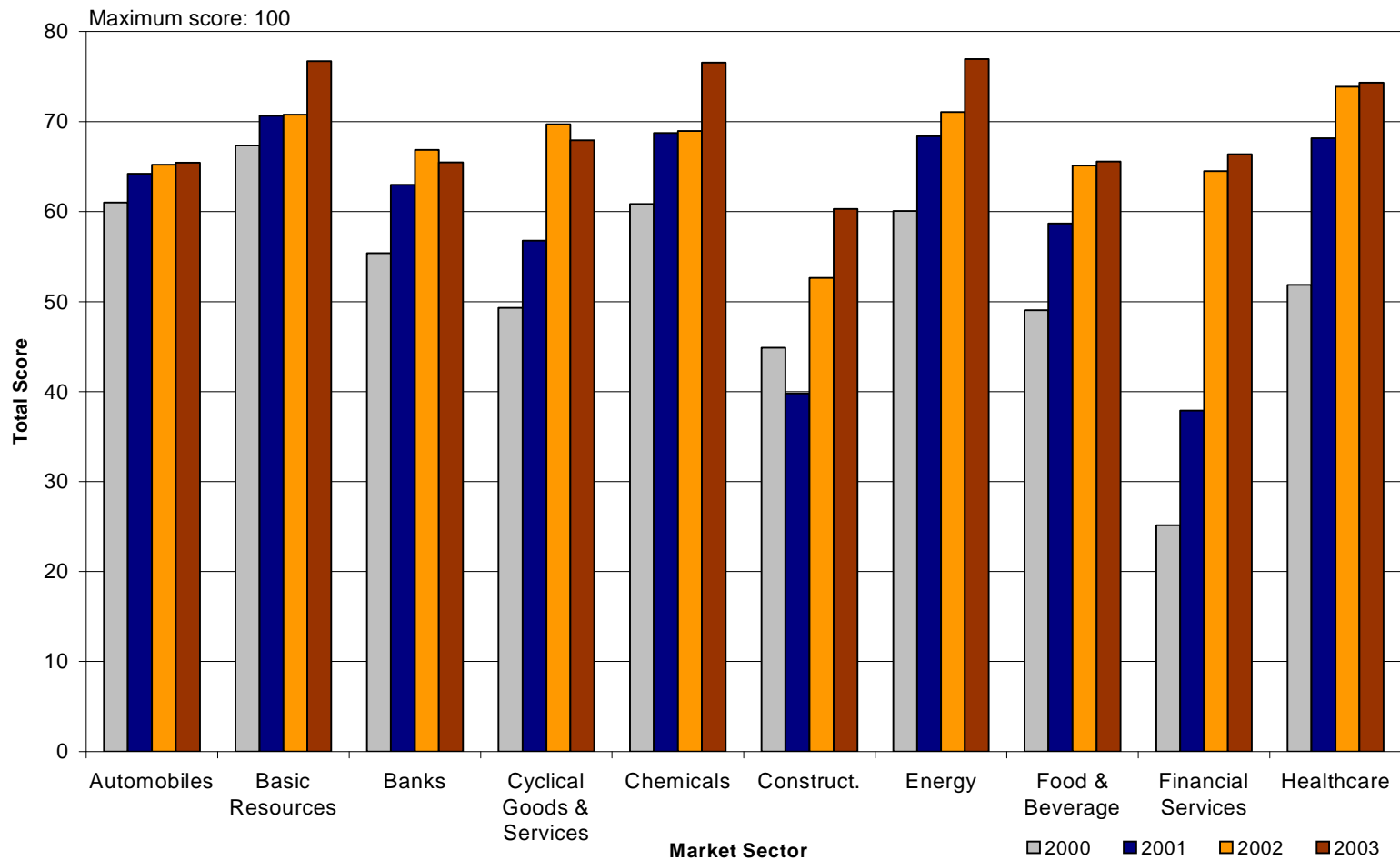
Assessment – Criteria (III)

In addition to the refinement of the general assessment criteria, we have also reviewed and amended our set of industry-specific criteria

| DJSI 2003 -Examples of Industry Specific Criteria | Aspects assessed |
|--|--|
| Sustainable Agriculture (Food sector) | Guidelines or standards for agricultural raw material, Coverage of guidelines or standards for agricultural raw material, Advocacy of environmentally sustainable production of agricultural raw material, Organic agriculture standards, Share of organic products |
| Renewable Energy (Energy Sector) | Revenues from renewable energy as a % of total revenues Volume of future capital expenditure in renewable energy business options |
| Digital Divide (Technology sector) | Access to IT/telecoms in remote areas, Education for illiterates, Special price structure for poor people, Special services for handicapped, elderly, Availability of services in multiple languages, Approaches to reduction of cultural barriers |
| Carbon Intensity of Product Portfolio (Auto sector) | Fuel Economy - By Segment: Average global corporate fuel economy by segment, By Markets: US Corporate Average Fuel Economy (CAFE) in miles/gallon, EU Average corporate fuel consumption of vehicle fleet, JP Average corporate fuel economy by vehicle weight class Alternative Fuels - Percentage (of total sales) of vehicles running on alternative fuels |
| Access to Drugs in Developing Countries (Pharma sector) | Methods for improving access to drugs in developing countries, Partnerships to improve access, Expenses volume/amount spent on preferentially-priced drugs |

Assessment – Top Total Scores (I)

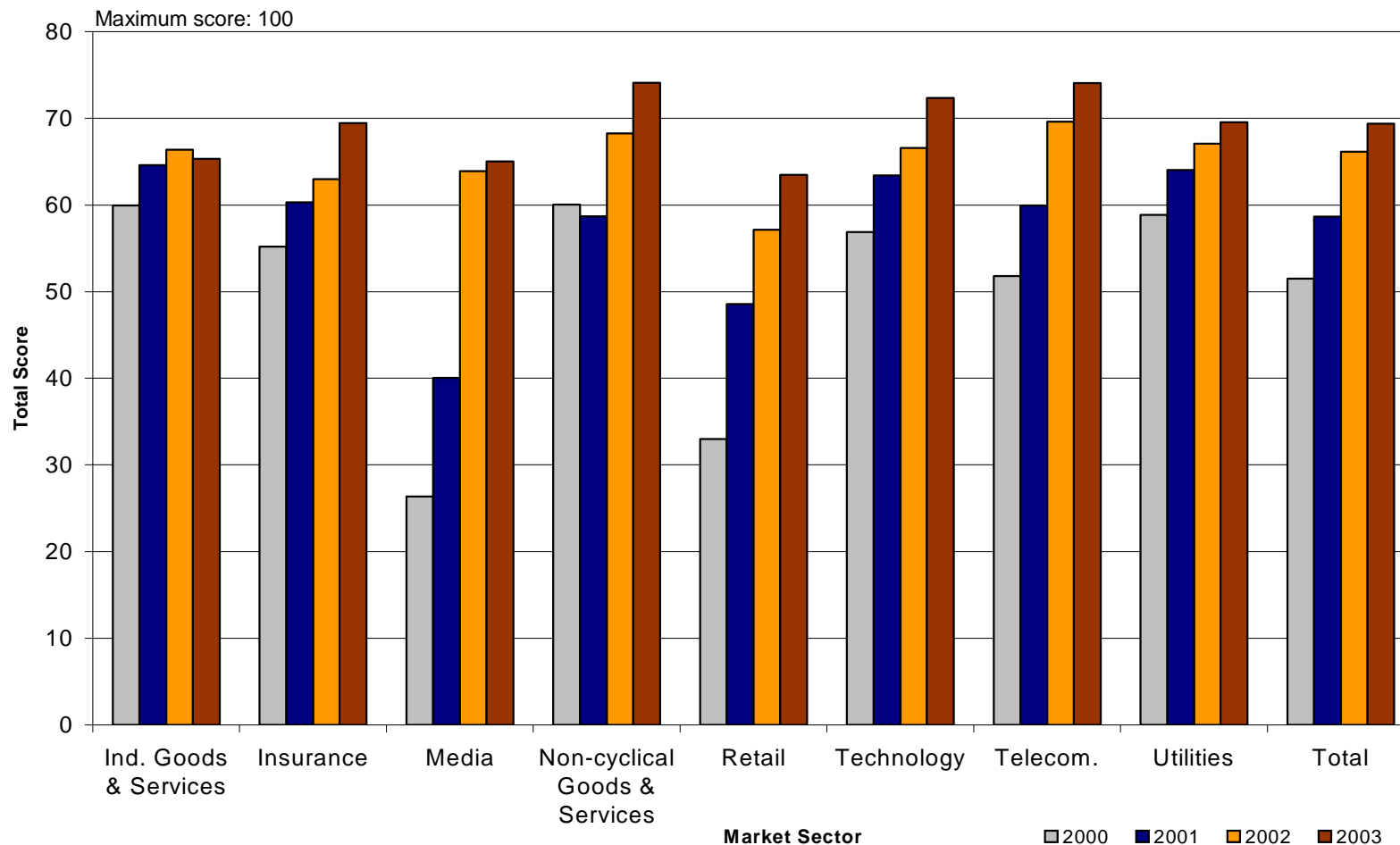
Average of best five companies sustainability scores, by market sector



Source: SAM Research

Assessment – Top Total Scores (II)

Average of best five companies sustainability scores, by market sector



Source: SAM Research

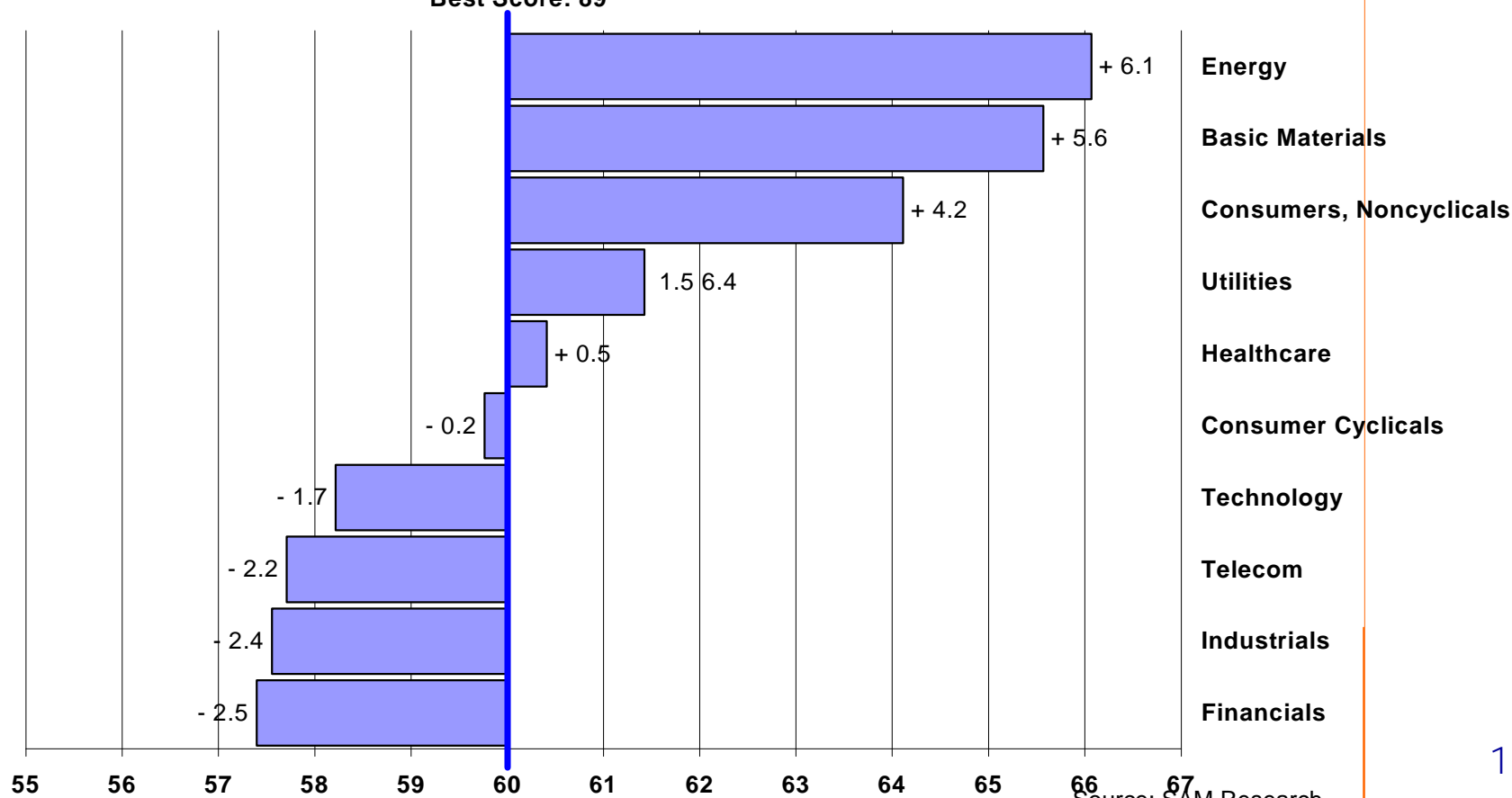
Assessment – Focus (I)

High Exposure Industries score well in Corporate Governance

Corporate Governance – Deviation from Average Score 2003 by economic sector

Average All Industries: 60

Best Score: 89



Source: SAM Research

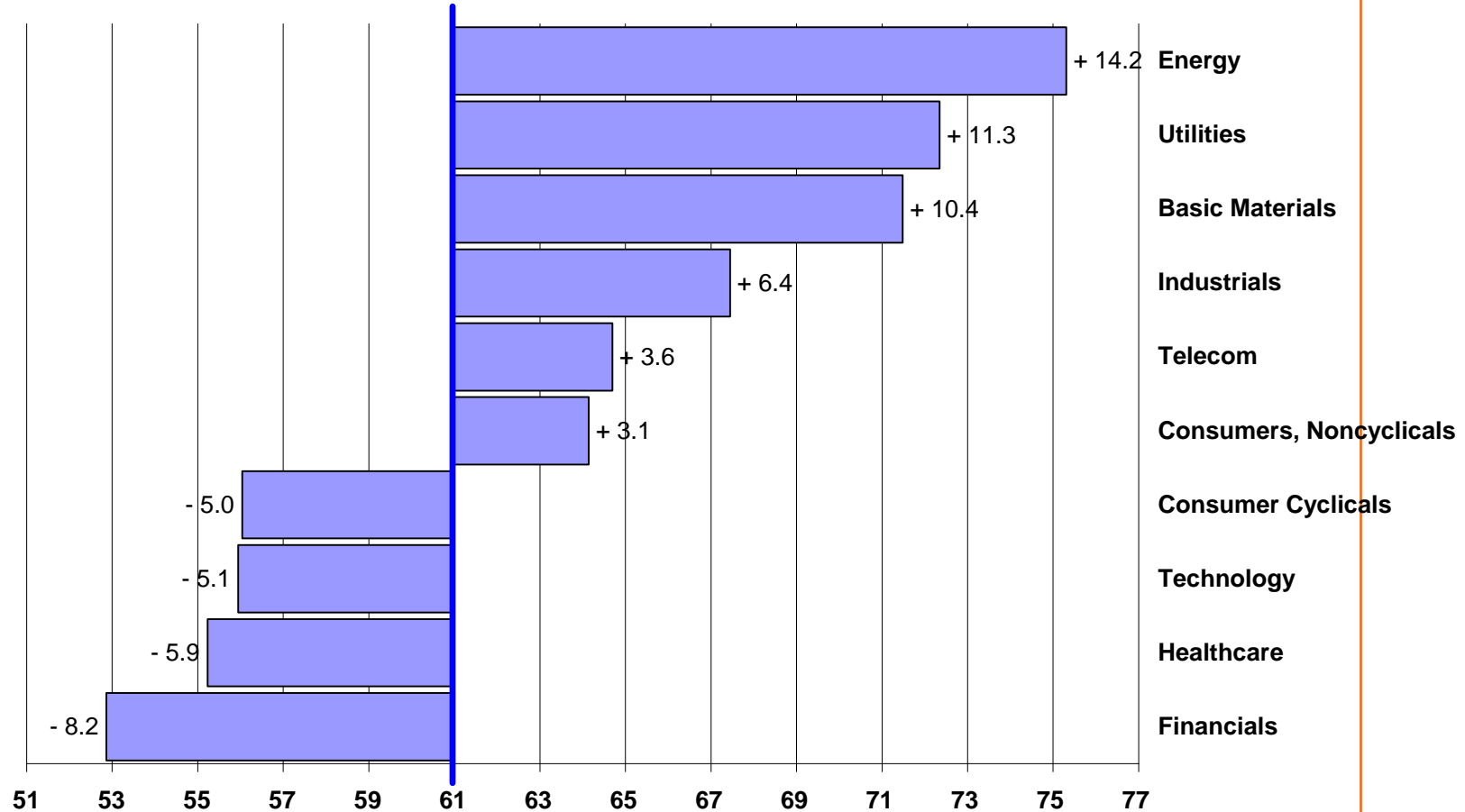
Assessment – Focus (II)

Energy companies and utilities score well in enviro. policy and management

Envir. Policy & Mmt - Deviation from Average Score 2003 by economic sector

Average All Industries: 61

Best In Class: 100



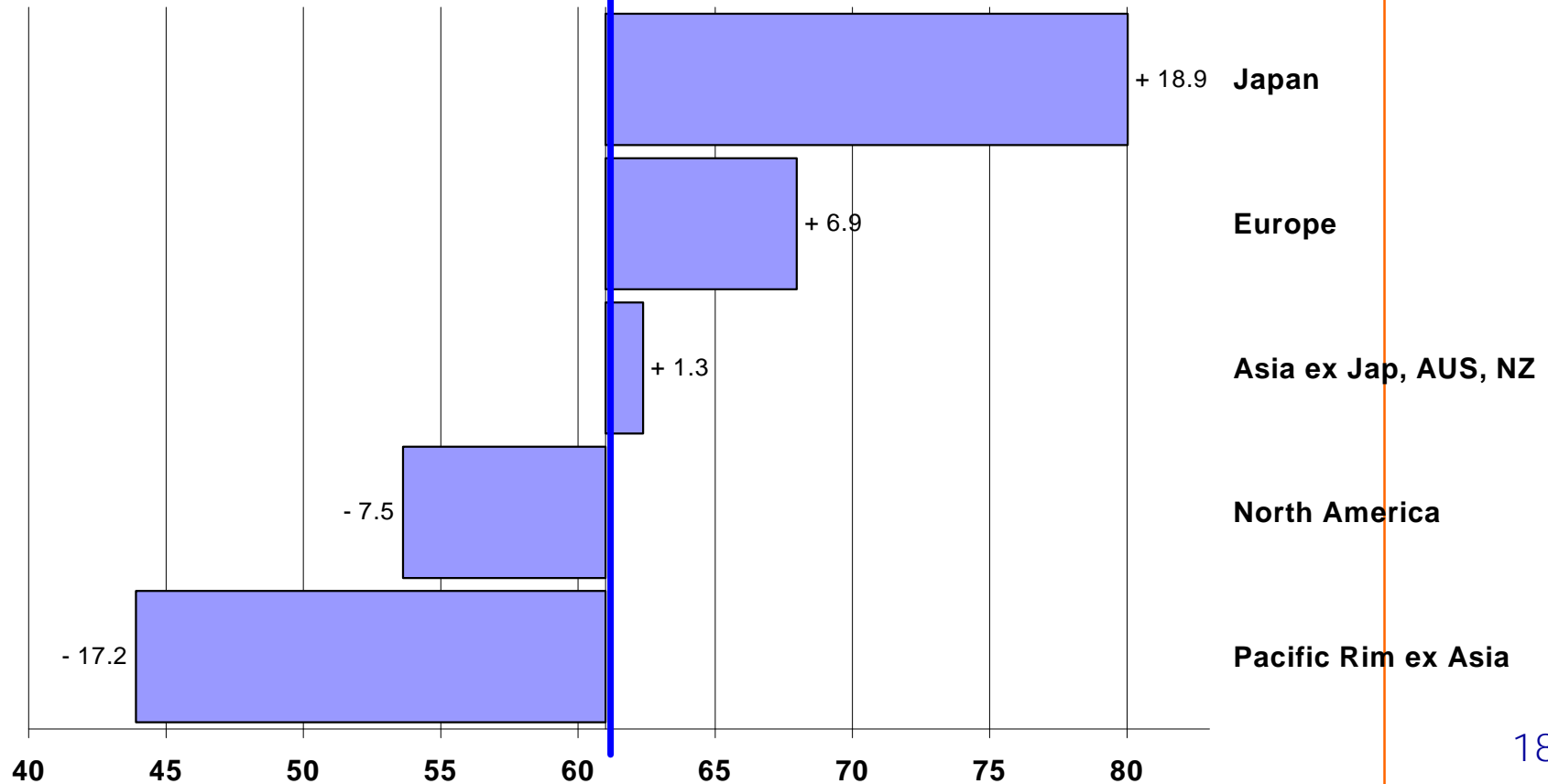
Assessment – Focus (III)

Japan clearly leads in environmental policy & management

Envir Policy & Mangt - Deviation from Average Score 2003 by region

Average All Industries: 61

Best Score: 100

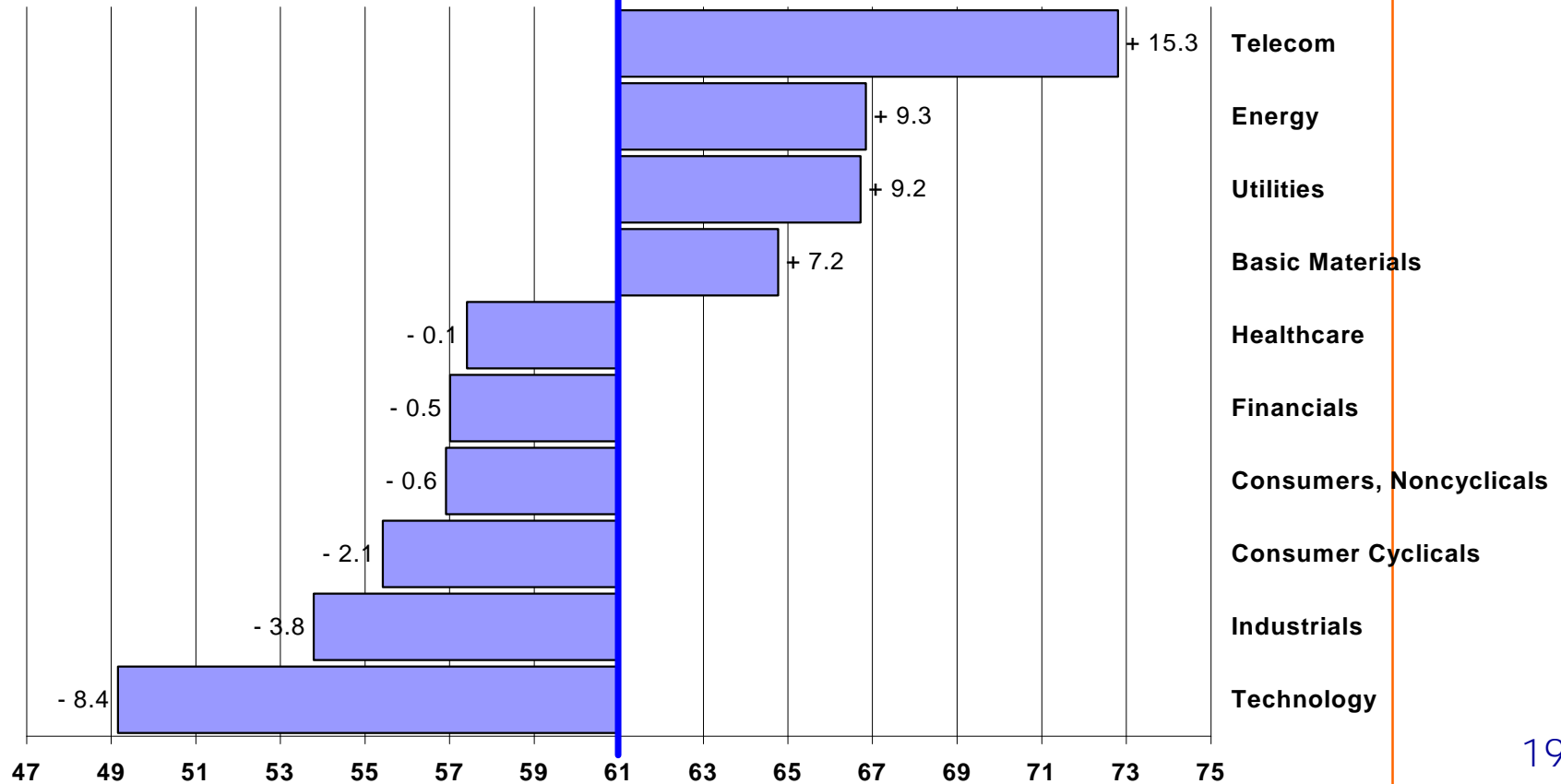


Assessment – Focus (IV)

Telecoms score particularly well in stakeholder engagement

Stakeholder Engagement - Deviation from Average Score 2003 by economic sector

Average All Industries: 61
Best Score: 100

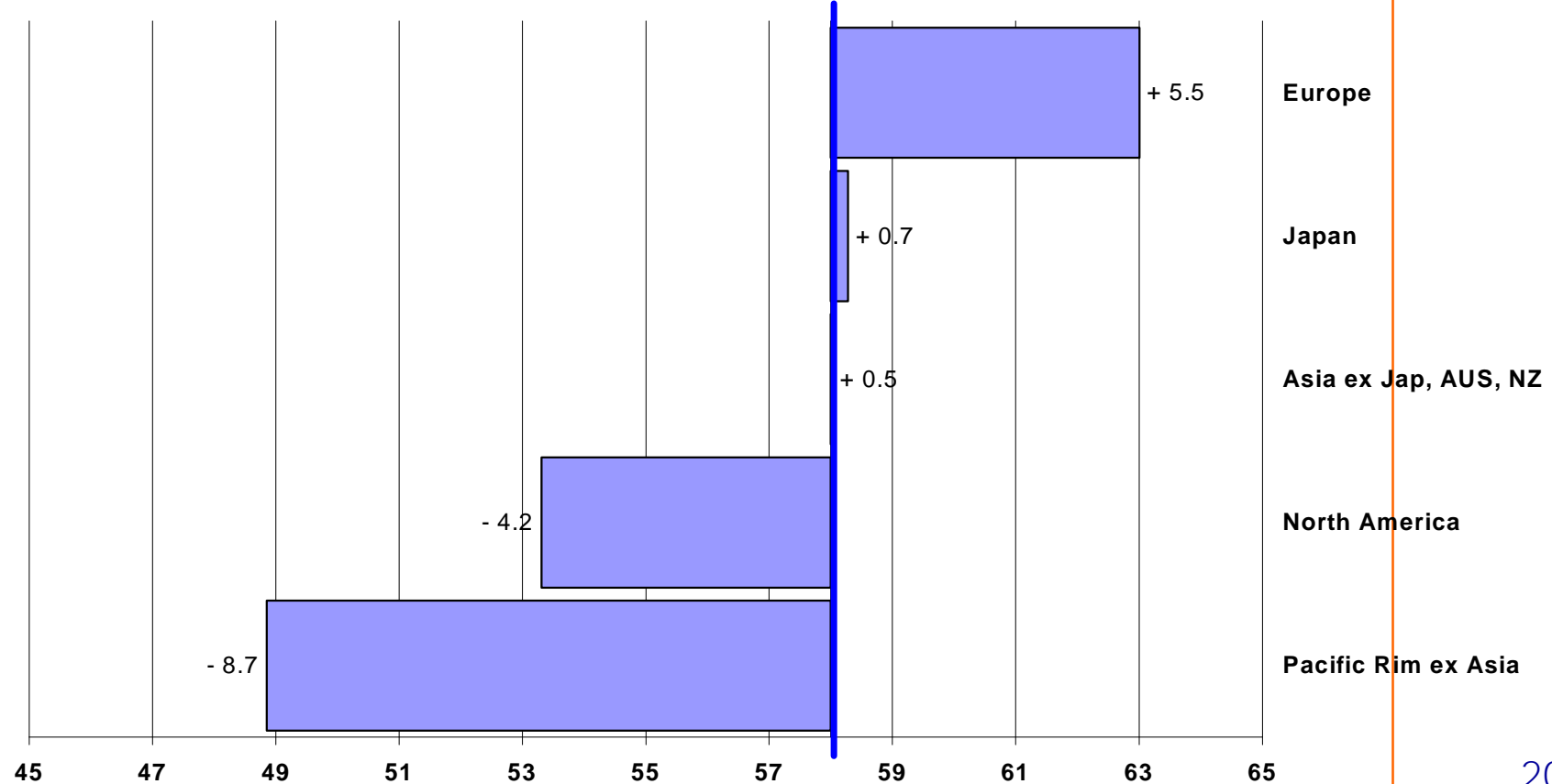


Assessment – Focus (V)

Europe leads in stakeholder engagement

Stakeholder Engagement - Deviation from Average Score 2003 by region

Average All Industries: 58
Best Score: 100



Assessment – Sources

SAM uses four information sources for the DJSI Assessment

- 1. Online Survey**
- 2. Company documents and policies**
- 3. Media and Stakeholder Analysis (MSA)**
- 4. Company interaction & visits**

The media and stakeholder analysis can add up to 50% of the weighting in a criteria and covers issues such as:

- Price fixing, Insider trading, Financial statement frauds
- Corruption & bribery
- Corporate governance breaches
- Extensive layoffs & labor disputes
- Environmental accidents
- Workplace accidents & occupational health
- Environmental, workplace and human rights in supply chain

Assessment – Transparency

- On web site www.sustainability-indexes.com:
 - SAM Online Survey
 - Methodology, Criteria and weightings
 - DJSI Guidebooks
 - Value proposition documentation
 - Overviews of results for all 18 market sectors
 - Detailed benchmarking reports of market sector leaders
 - External verification letter from PWC
- Feedback to companies (free of charge)
 - Summary benchmarking report to all companies analyzed
 - Detailed scores on every criteria including company score, industry average and best score in industry

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DJSI World – Selection 2003/2004

Dow Jones Global Index

2,500 largest companies
60 DJSI Industry Groups
34 countries

Component Selection

Top 10% of companies
in terms of sustainability
in each industry group

20% target market cap coverage
in each industry group

DJSI World

317 Components
60 DJSI industry groups
22 countries

Additions: 11%

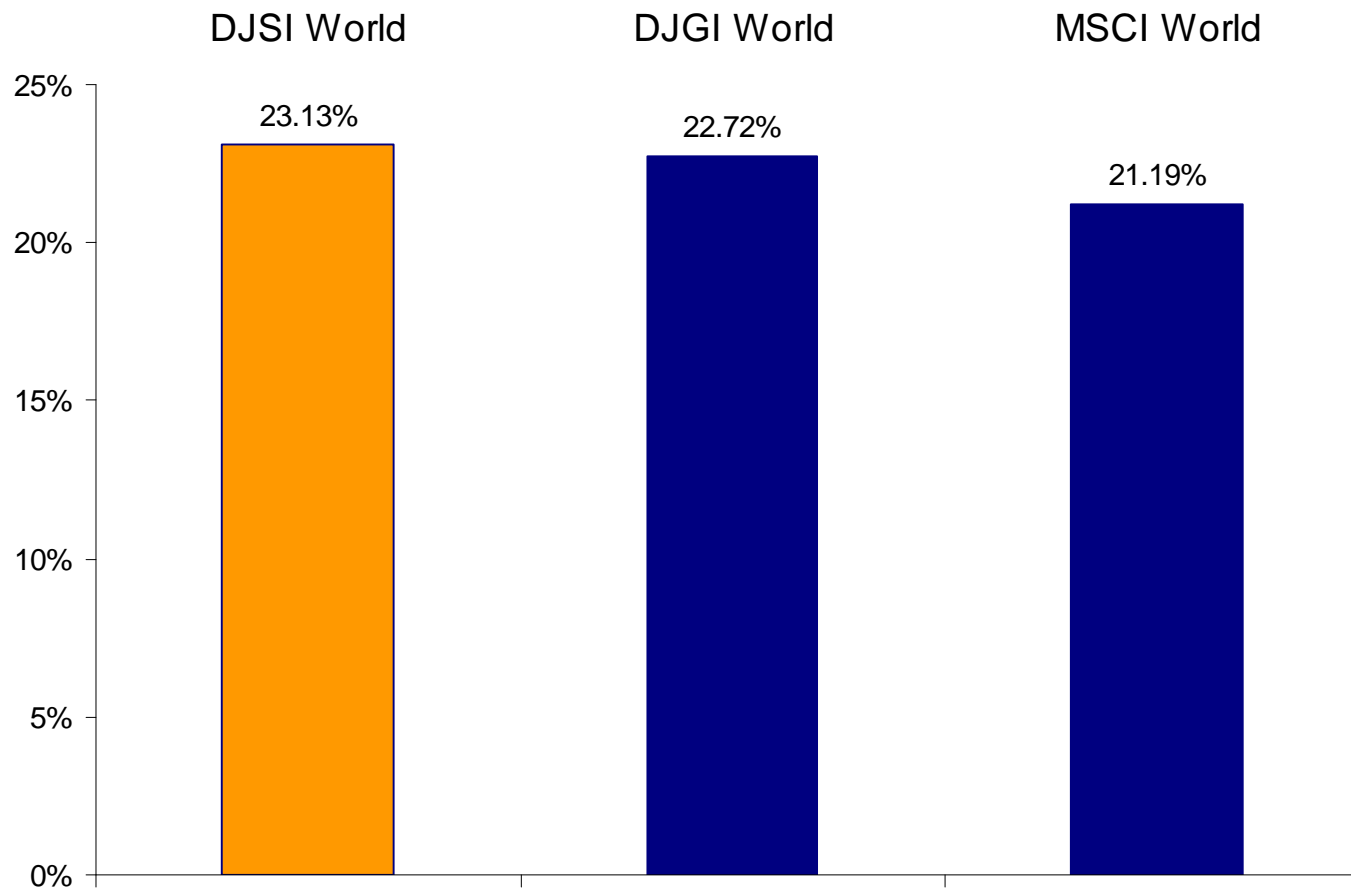
Deletions: 8%

DJSI World – Standard Range

- q **DJSI World**
(317 Components)
- q **DJSI World ex Alcohol**
(311 Components)
- q **DJSI World ex Tobacco**
(315 Components)
- q **DJSI World ex Gambling**
(306 Components)
- q **DJSI World ex Armaments & Firearms**
(308 Components)
- q **DJSI World ex Alcohol, Tobacco, Gambling,
Armaments & Firearms**
(289 Components)

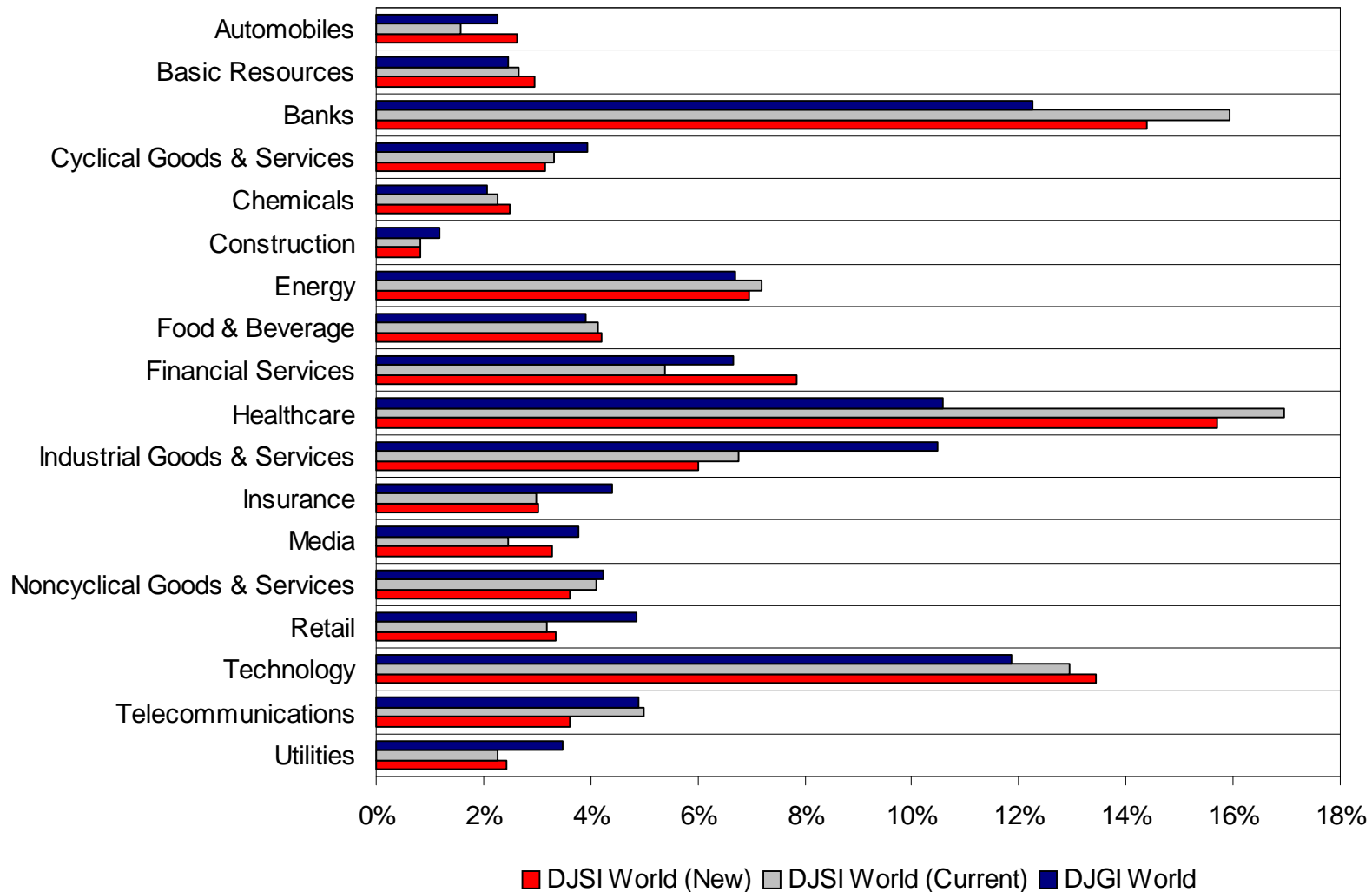
DJSI World – Performance

09/02 (Review 2002) – 08/03, USD, Price Index



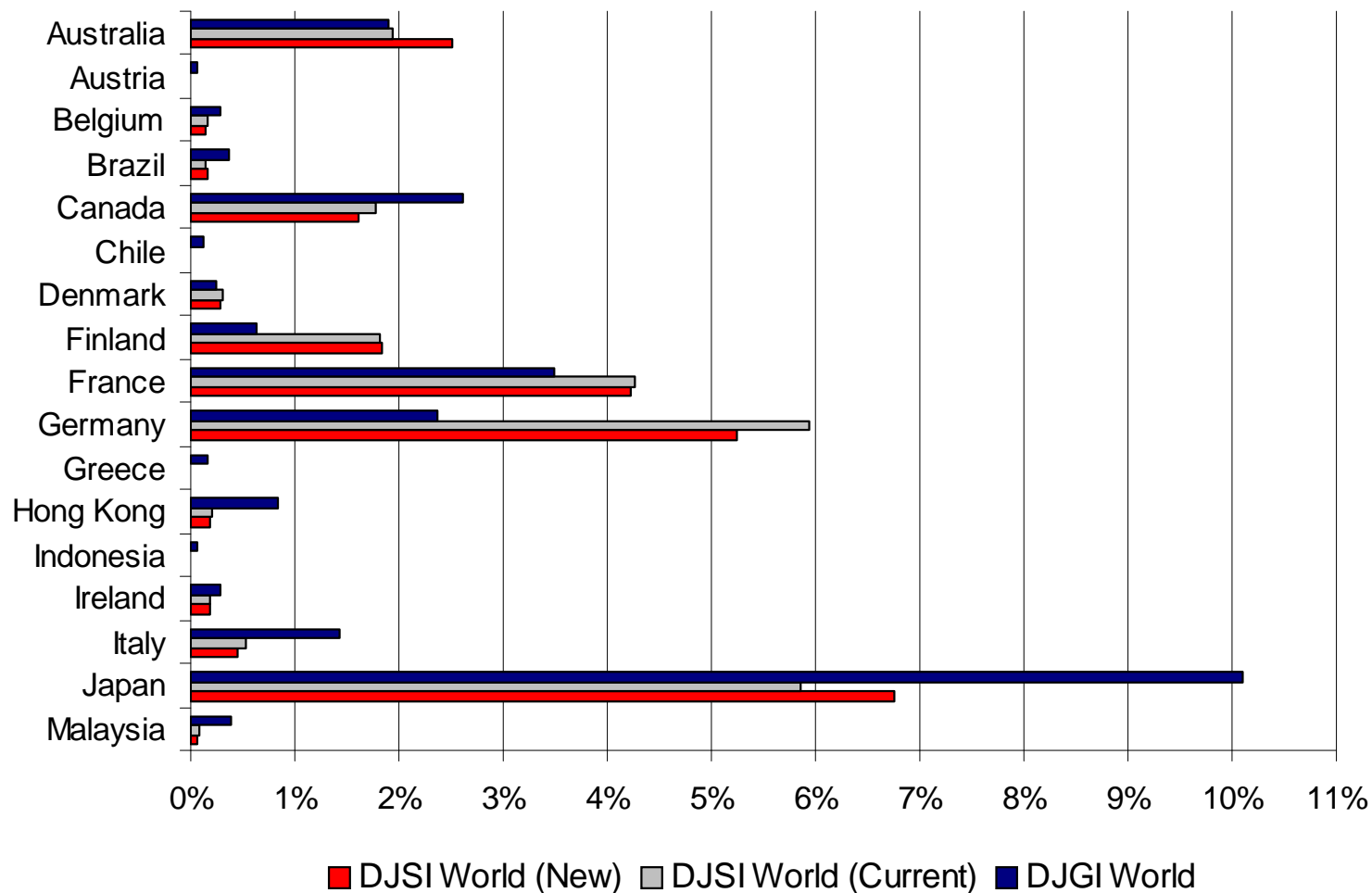
DJSI World – Sector Allocation

As of 31 August, 2003



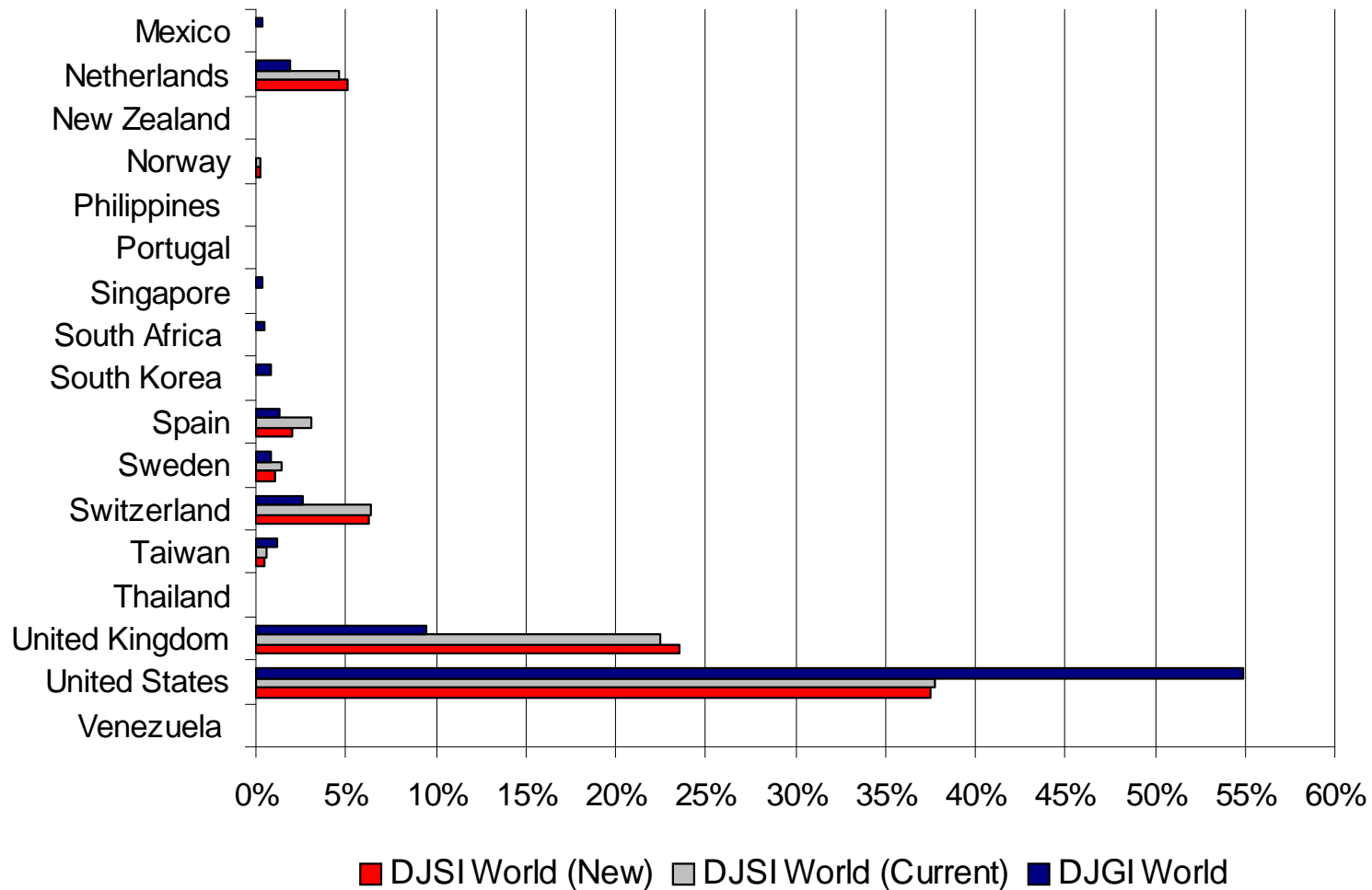
DJSI World – Country Allocation

As of 31 August, 2003



DJSI World – Country Allocation

As of 31 August, 2003



DJSI World – New Market Sector Leaders

| | |
|---------------------------|------------------------|
| Automobiles | Toyota |
| Banks | Westpac Banking Corp. |
| Basic Resources | Dofasco |
| Chemicals | E.I. DuPont de Nemours |
| Construction | CRH |
| Cyclical Goods & Services | Philips Electronics |
| Energy | BP |
| Financial Services | British Land |
| Food & Beverage | Unilever |

DJSI World – Market Sector Leaders

continued

| | |
|---------------------------|------------------|
| Healthcare | Novozymes |
| Industr. Goods & Services | 3M |
| Insurance | Swiss Re |
| Media | Pearson |
| Non-Cycl. Goods & Serv. | Procter & Gamble |
| Retail | Marks & Spencer |
| Technology | Intel |
| Telecommunications | BT Group |
| Utilities | Severn Trent |

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DJSI STOXX – Selection

Dow Jones STOXXSM 600

600 Companies
50 DJSI industry clusters
17 countries

Component Selection

Top 20% leading
sustainability companies in each
industry cluster

45% target market cap coverage
in each market sector

DJSI STOXX 2003/2004

178 Components
50 DJSI industry clusters
13 countries

Additions: 7%

Deletions: 5%

DJSI STOXX – Standard Range

- q **DJSI STOXX**
(178 Components)

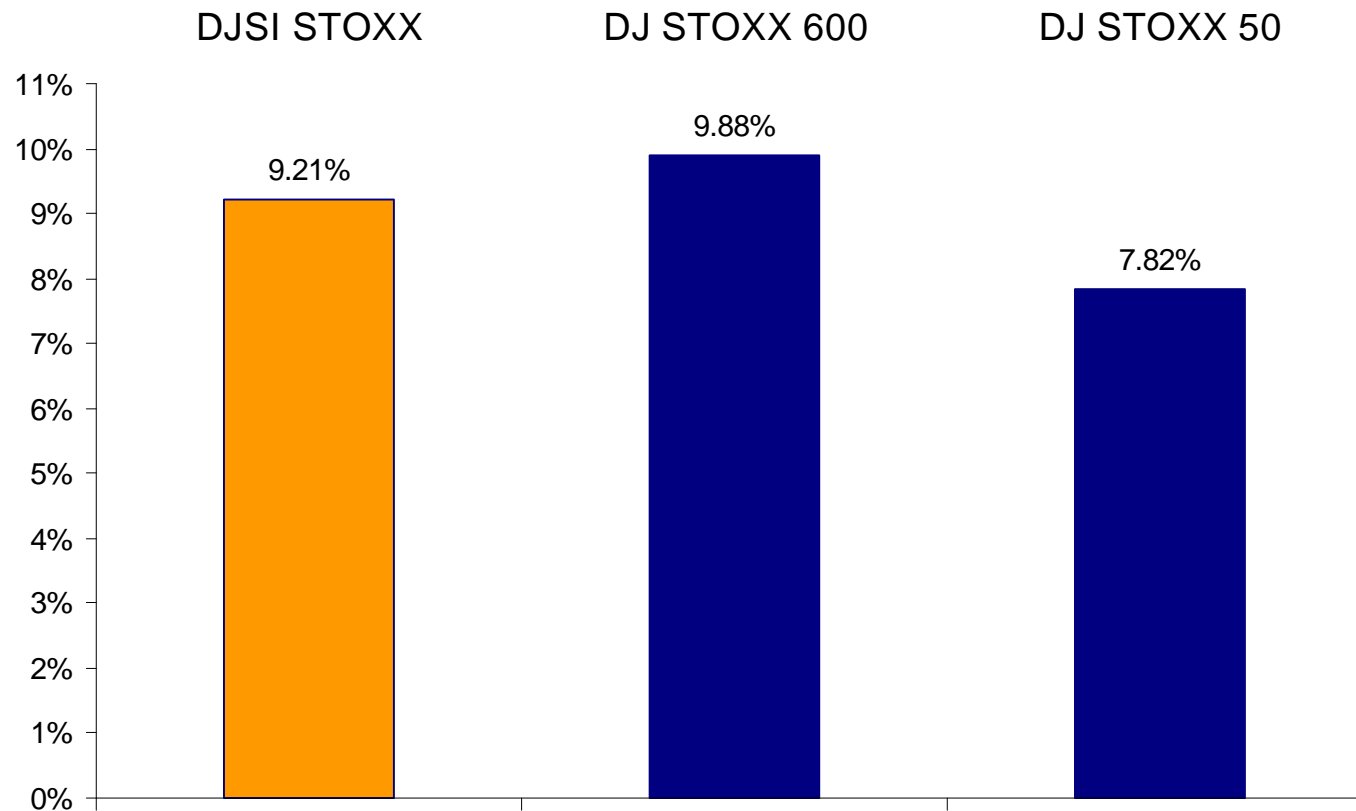
- q **DJSI STOXX ex Alcohol, Tobacco, Gambling,
Armaments & Firearms**
(161 Components)

- q **DJSI EURO STOXX**
(73 Components)

- q **DJSI EURO STOXX ex Alcohol, Tobacco, Gambling,
Armaments & Firearms**
(69 Components)

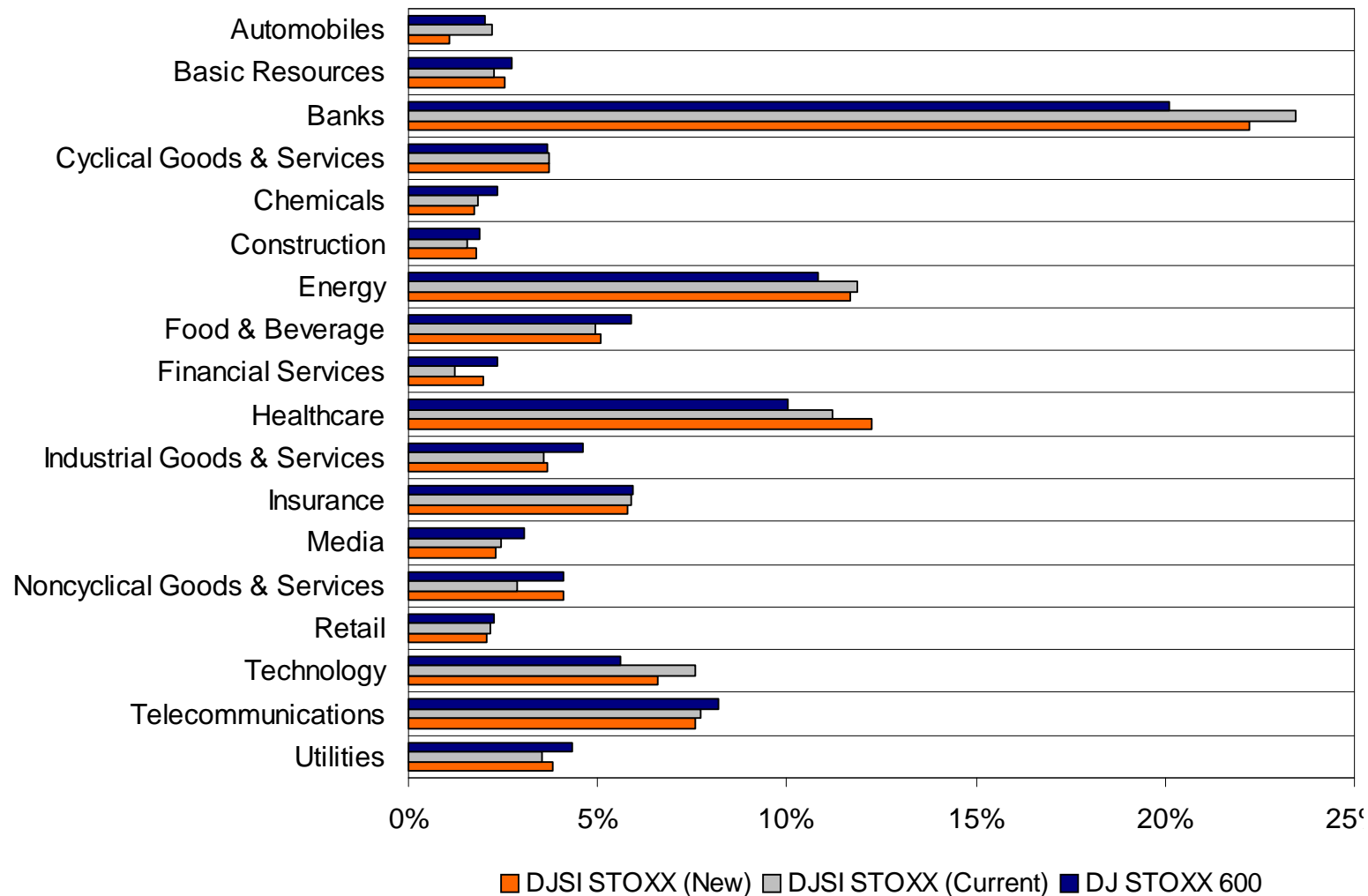
DJSI STOXX – Performance

09/02 (Review 2002) – 08/03, EUR, Price Index



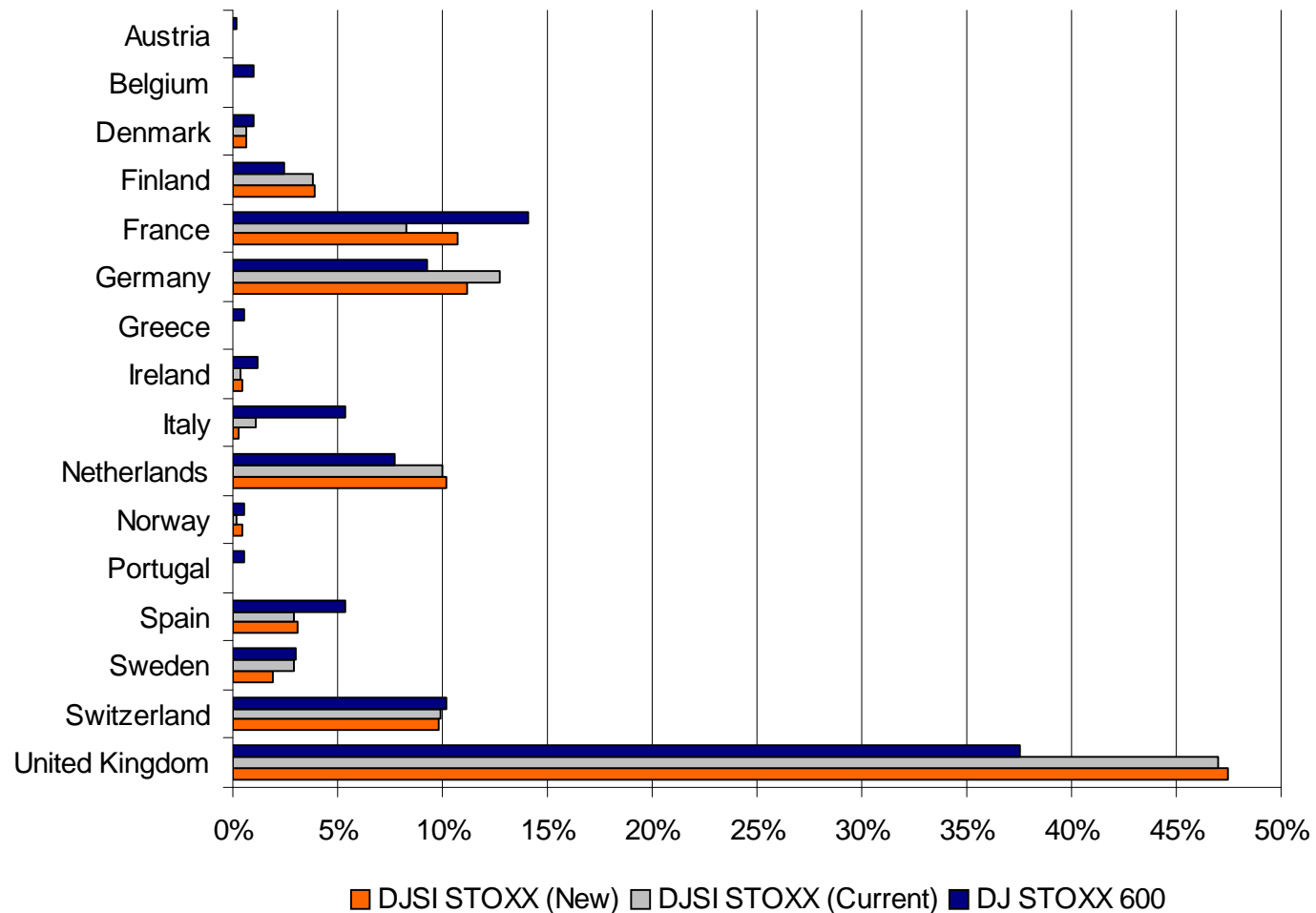
DJSI STOXX – Sector Allocation

As of 31 August, 2003



DJSI STOXX – Country Allocation

As of 31 August, 2003



DJSI STOXX – Market Sector Leaders

| | |
|---------------------------|---------------------|
| Automobiles | Volkswagen |
| Banks | ABN Amro |
| Basic Resources | Rio Tinto |
| Chemicals | DSM |
| Construction | CRH |
| Cyclical Goods & Services | Philips Electronics |
| Energy | BP |
| Financial Services | British Land |
| Food & Beverage | Unilever |

DJSI STOXX – Market Sector Leaders

continued

| | |
|---------------------------|-----------------|
| Healthcare | Novozymes |
| Industr. Goods & Services | BAA |
| Insurance | Swiss Re |
| Media | Pearson |
| Non-Cycl. Goods & Serv. | Sainsbury |
| Retail | Marks & Spencer |
| Technology | Nokia |
| Telecommunications | BT Group |
| Utilities | Severn Trent |

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