



BRIEFING PACKAGE

Private Wealth Council Meeting
29 September 2008, The Dolder Grand, Zurich

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Article from the Financial Times



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HOW RESPONSIBLE INVESTING MAKES A DIFFERENCE

Intro



We live in a complex and rapidly changing world and recognize that the drivers of global change are all interlinked, that our world can **change for the good or the bad** and that these changes will impact industries and companies.

Wealth owners are well advised to constantly monitor the drivers of global change in order to **navigate on the right side of change** for their investments and for the good of our world.

A defined set of values and a monitor for the big picture developments linked with professional investment principles and criteria will make private investments **sustainable in the long-term** and create **targeted Return on Investments (ROIs)**.

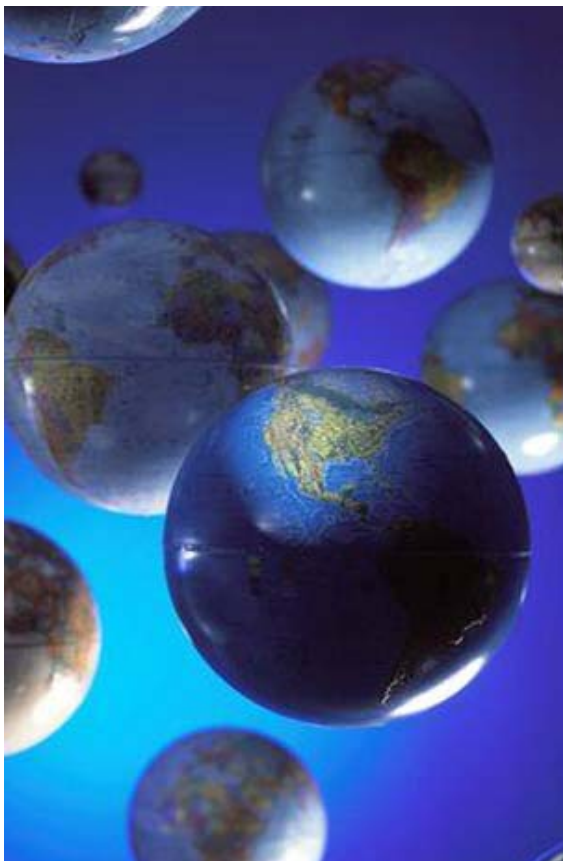


I want to understand tomorrow. To invest smarter today.

UNDERSTANDING THE DRIVERS OF GLOBAL CHANGE IS KEY TO NAVIGATING ON THE RIGHT SIDE OF GLOBAL CHANGE

- Global environmental crisis
- Global energy transition
- Population and demographics
- Pandemics
- Scientific and technological hyper-revolution
- Communication hyper-revolution
- Globalization
- War
- Short-term thinking and lack of vision
- Food scarcity and pricing
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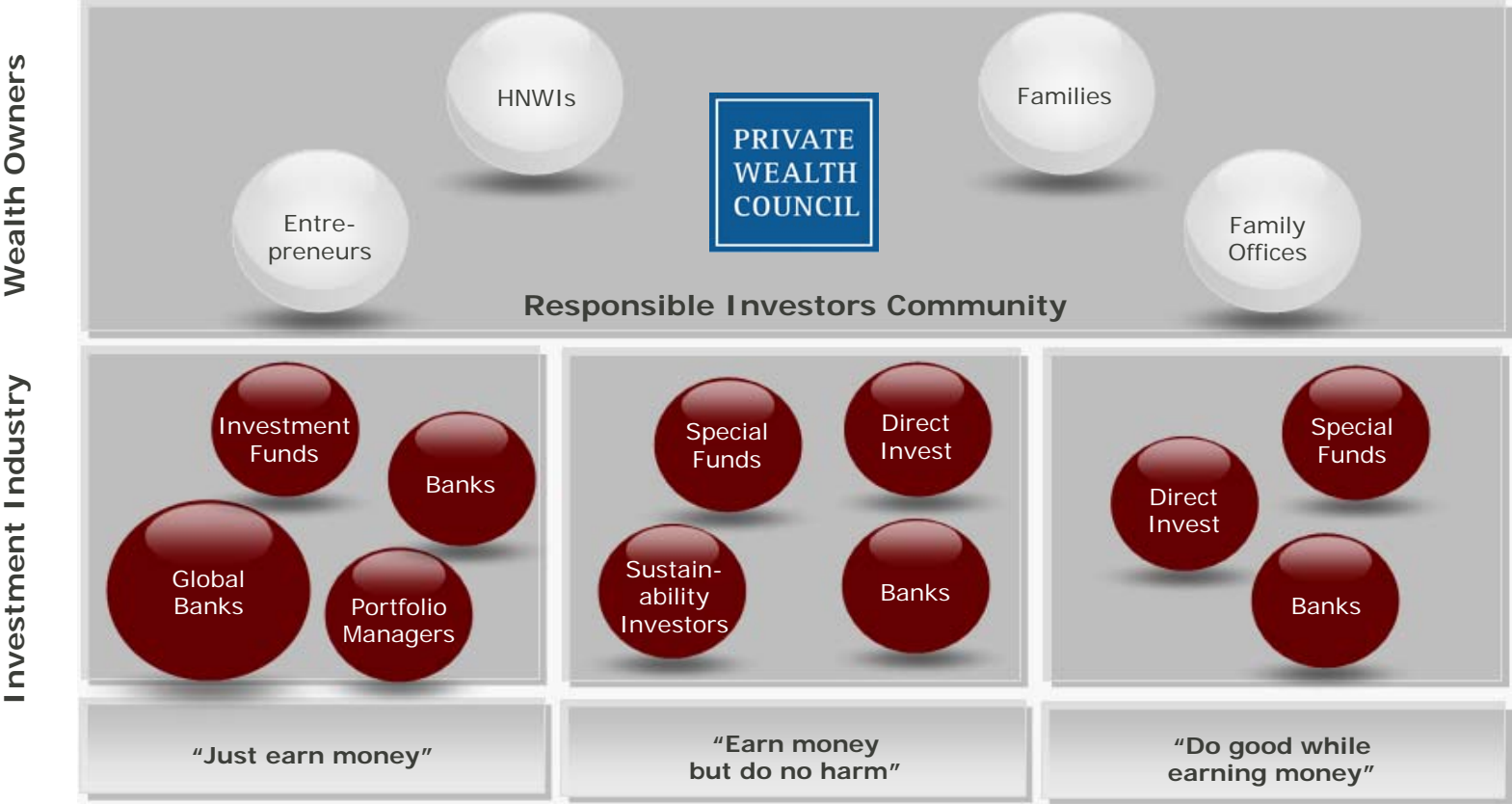


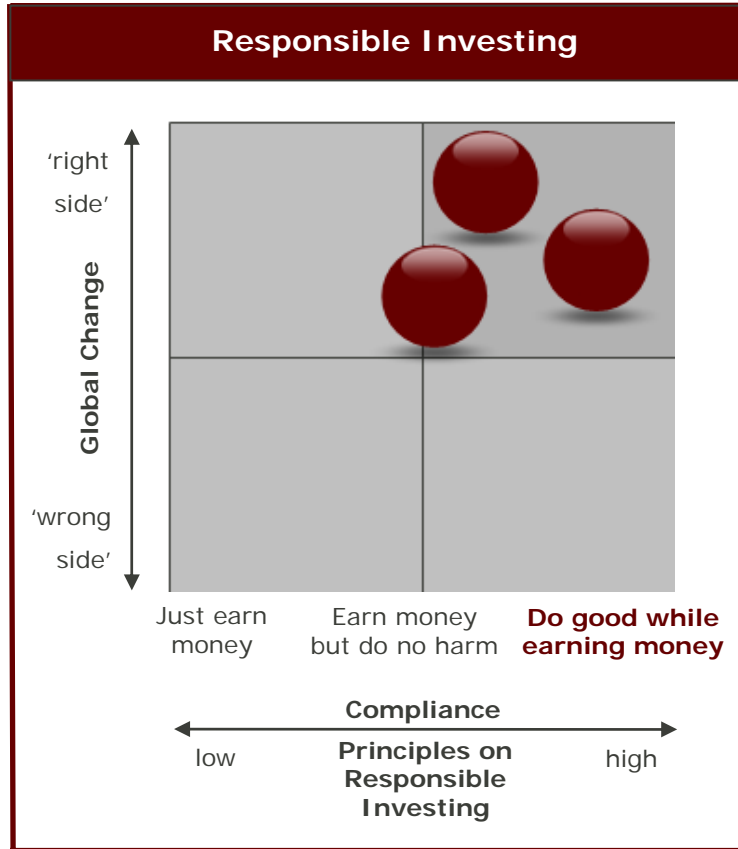


To understand and constantly monitor the drivers of global change remains a **challenge** for wealth owners committed to responsible investing because there is as yet **no** one institution which delivers the **“recipe”** for this.

The **Private Wealth Council** is addressing these issues in its workshop meetings and has started to **build intelligence** on this topic in collaboration with futurists, scientists and long-term macro-thinkers from political and economic backgrounds with a strong sense of responsibility. Useful sources include:

- World Economic Forum
- World Watch Institute
- Various UN Agencies
- NGOs (Greenpeace,...)
- Control Risks, Euler Hermes,...

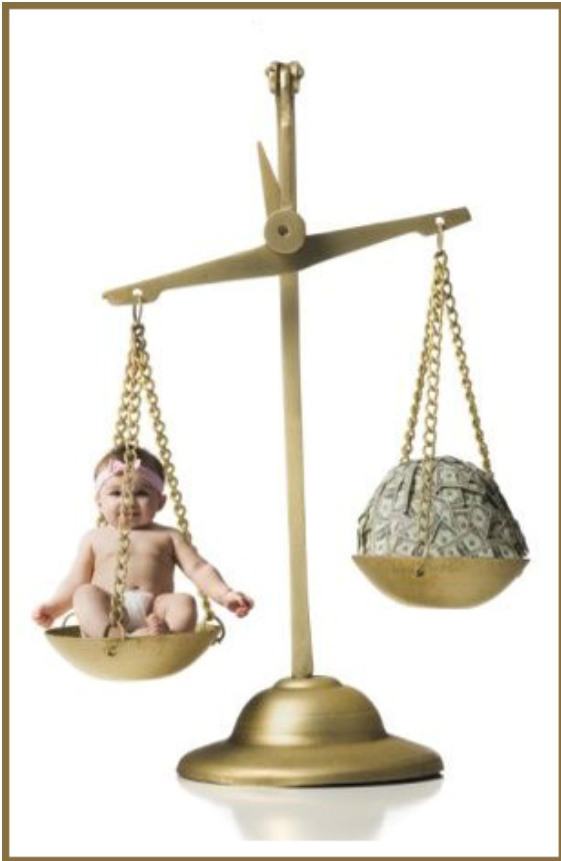




We find the vast majority of players in the **investment industry** in a **“just-earn-money-mode”** because they have to meet short-term industry benchmarks to achieve their set goals.

“Mission-driven” wealth owners have the choice to invest with a **long-term investment horizon** and to take a position as a responsible global citizen to “do no harm” or to “do good while earning money”.

Understanding the drivers of global change to invest on the right side of change and to “do good while earning money” should ultimately support **long-term wealth preservation** and could **beat Return on Investment (ROI) industry benchmarks** in the long-run.



Private wealth derives from various sources. It may have a multi-generational background or may be newly created.

Wealth owners have their own views on what is important to them. They have to define their **own set of values** which will form the foundation of their **investment principles**.

Responsible wealth owners seek investment opportunities that

- help to preserve and grow family wealth long-term
- create sound returns
- benefit themselves and their future generation
- are focused on value creation
- are sensitive to the needs of the environment
- are beneficial for society



The wealth owner's defined set of values and personal preferences serve as **guiding principles** and as a **briefing** for the **strategic asset allocation**.

Investment principles should also address

- the wealth owners risk-appetite and Return on Investment/Return on Equity (ROI/ROE) goals
- negative screenings if any (e.g. no weapons, no drugs . . .)
- rules on long-term investment commitments
- preferred investment types, areas and projects



The **investment manager** must subscribe to the values and investment principles of the wealth owner.

His **incentive scheme** should support the overall long-term goals of the wealth owner as a Responsible Investor and should not be merely based on short-term capital market benchmark comparisons.



“Negative Screening” is a widely used investment decision process to avoid doing harm by excluding companies and sectors that negatively affect the environment or society.

ESG - Environmental, Social and Governance is an emerging investment industry standard to screen such non-financial criteria in investments.

There are some investment funds applying negative screening and auditing their investments in regard to ESG performance.



Mission-based responsible investing requires

- 'homework' to define personal values and investment principles of the **Private Wealth Owner,**
- special effort to apply negative screening and to integrate the concept of ESG of the **Advisor,** and
- market intelligence to invest on the right side of change by doing good while earning money from **Special Services Providers.**

The Responsible Investor aims to preserve his wealth long-term, to create value, to receive above-average Return on Investments (ROIs) in the long-run and to take responsibility for himself, his family, society and the environment.

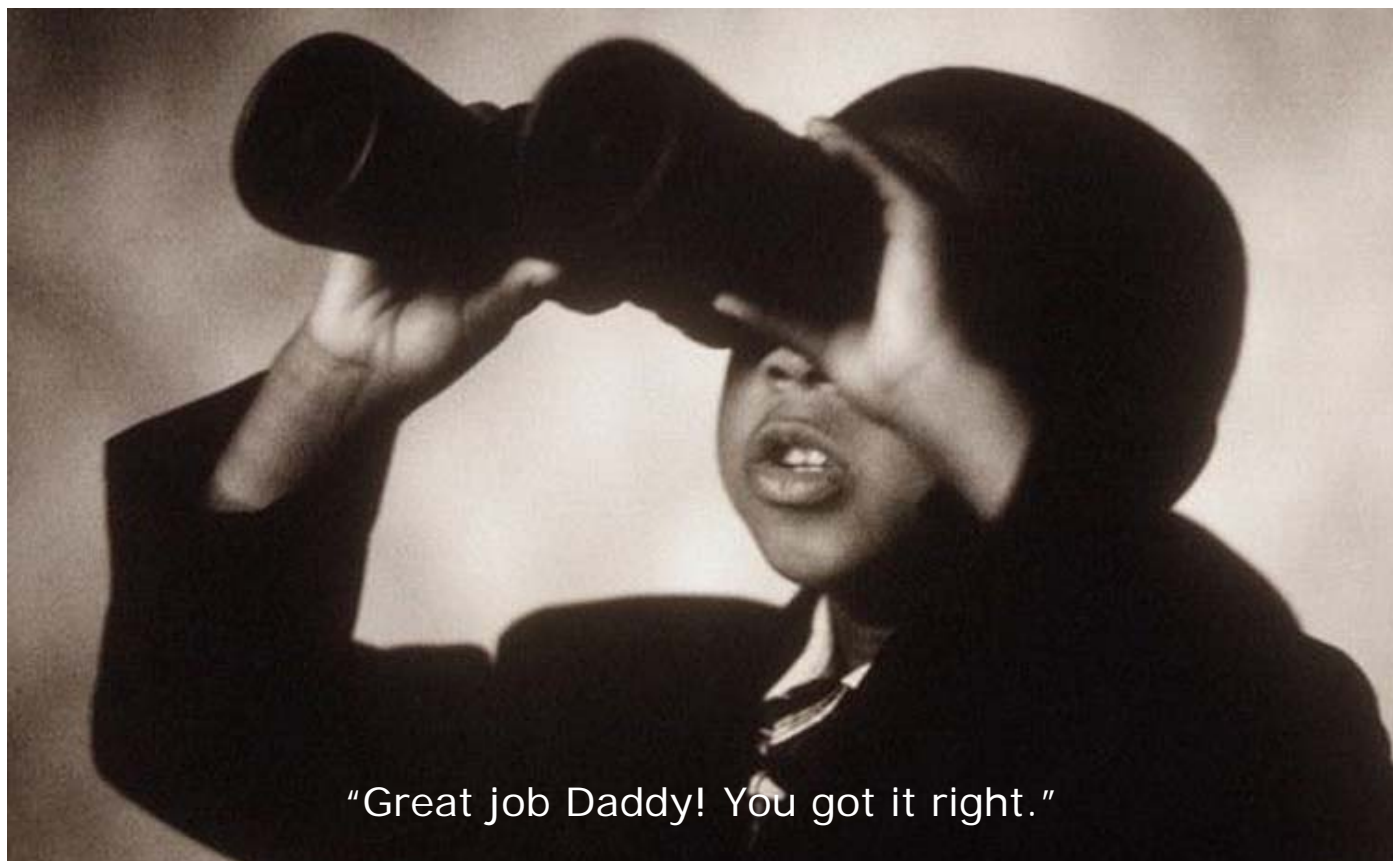


Traditionally, reporting covers financial data together with some low-level analytical reporting on how a family “did good”.

The Responsible Investor, however, seeks evidence that the investments are made within his set of personal values and within the scope of his defined investment principles.

There are **reporting means** available to cover and consolidate the **entire range of financial and non-financial criteria** for responsible investing.

Financial analysis providers (e.g. Asset4) offer sophisticated services with some 250 key **performance indicators** tailored to the asset management industry and consolidating the indicators of the Global Reporting Initiative.



“Great job Daddy! You got it right.”

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PROGRAM Monday, 29 September 2008

8:00 – 8:30

Registration

The meetings will take place at the Hotel Dolder Grand. You will receive your personal information package for the meeting at the registration desk.

8:30 – 9:00

Welcome and Introduction to Responsible Investing

Fritz Kaiser and Erik Brenninkmeijer

Why does monitoring the drivers of global change and a set of values make a difference for an investor? Can you make money while you do good? This session will explain that a responsible investor has a choice to be on the right side of change and to make fair long-term return on investments.

9:00 – 10:30

Navigating on the right side of change

Christopher Flavin, President, The Worldwatch Institute, Washington

Mr. Flavin will outline in a decision makers briefing the main global and interdisciplinary trends based on research from the World Watch Institute.

The following discussion will examine how responsible investors may navigate on the right side of change.

11:00 – 12:30

Case Study 1: 'Good Energies'

Marcel Brenninkmeijer, Founder and Chairman, Good Energies, Zug

Good energies is one of the leading global investment firms in the renewable energy and energy efficiency industry. Mr. Brenninkmeijer will share with us the "good energies story" and discuss with the group how you can make money while you do good.

12:30 – 13:30

Lunch at The Dolder Grand

13:30 – 14:30

Case Study 2: 'One Laptop Per Child' (OLPC)

Matt Keller, Director of OLPC, Geneva

Professor Nicholas Negroponte, Founder of the MIT Media Lab had the vision that he could offer education for the unprivileged children in third world countries by giving a laptop to each child.

We will discuss the mission, strategy, lessons learnt and the opportunities of this exciting project.

14:45 – 15:30

Measuring and Reporting on Responsible Investing

Ernst R. Ligteringen, Chief Executive of the Global Reporting Initiative (GRI)

'What gets measured gets done' is a powerful phrase and true for responsible investing. Mr. Ligteringen will outline the importance and the factors of measurement and the standardization of reporting in order to choose best-in-class investment targets.

16:00 – 18:30

So what is Responsible Investing for Private Wealth Owners?

Moderated group discussion

'Make money but do no harm' vs. 'How to do good while earning money' will be at the core of this interactive group discussion aimed to bring forward conclusions on principles of the wealth owner, a choice of investment themes and criteria for Responsible Investing.

18:30

Conclusion of the Meeting

20:00 – 23:00

Farewell Dinner at a Zurich Restaurant



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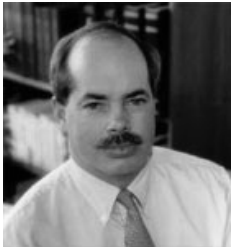
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CHRISTOPHER FLAVIN AND THE WORLDWATCH INSTITUTE

Contributors



Christopher Flavin

President of the Worldwatch Institute

Washington D.C., USA



Mr. Flavin is a leading voice on the need to build a low-carbon economy that will meet human needs without undermining the earth's ecological support systems. He is co-author of three books on energy, including 'Power Surge: Guide to the coming Energy Revolution', which anticipated many of the changes now under way in the world energy markets.

Mr. Flavin is a regular co-author of the Institute's annual State of the World report, which has been published in 36 languages. He has participated in several historic international conferences, including the Earth Summit in Rio de Janeiro in 1992 and the Climate Change Conference in Kyoto, Japan, in 1997.

Mr. Flavin is a founding member of the Board of Directors of the Business Council for Sustainable Energy and serves as a board member of the Climate Institute and the Institute for Global Environmental Strategies in Japan. He is on the advisory boards of the American Council on Renewable Energy, the Environmental and Energy Study Institute, and the Cumulus Climate Fund. He is also a member of the Greentech Innovation Network, an initiative of Kleiner Perkins Caufield & Byers.

- An independent research organization known for its accessible, fact-based analysis of critical global issues with focus on energy, resources and environmental issues.
- Worldwatch claims to be the gold-standard for sustainability analysis for decision makers in government, civil society, business, and academia.
- Its experts frequently advise government and private leaders.
- Seen as the areas of the world that are pivotal to addressing the world's environmental and social problems, the Worldwatch Institute geographically focuses on Brazil, China, India, Europe, and the United States.
- Founded in 1974, the Worldwatch Institute disseminates its work in more than 100 countries via the Internet and global news media.
- The Institute is funded by sales of its publications, grants and donations.
- Its priority programs include building a low-carbon energy system, creating a healthy future for agriculture, and developing a sustainable global economy.
- The Institute monitors human health, population, water resources, biodiversity, governance, and environmental security.

MARCEL BRENNINKMEIJER AND GOOD ENERGIES

Contributors



Marcel Brenninkmeijer
Chairman and Founder, Good Energies
Zug, Switzerland



Marcel Brenninkmeijer, born 1958, is the founder and Chairman of Good Energies. Prior to founding Good Energies in 2001, Marcel Brenninkmeijer was advisor to Anthos Consult, Amsterdam, The Netherlands, after having spent a sabbatical year on executive studies at IMD in Switzerland and HBS in the United States.

His first twenty years of business experience were with C&A, a fashion retailer, which gave him a multicultural exposure to The Netherlands, United Kingdom, France, Canada, Germany and Switzerland. In his most recent position with C&A he was a board member responsible for store operations in Switzerland. Marcel Brenninkmeijer has also coordinated the C&A European Environmental Working Group, which he set up in 1989.

Good Energies is a leading global investor in the renewable energy and energy efficiency industry, focusing on investments in the areas of solar and turbine based renewables as well as green building and energy efficiency. The company also makes investments in developing countries and in other promising game changing energy technologies. Good Energies is a member of COFRA Group, a privately owned group of companies.

Good Energies is guided by the 3-P principle People-Planet-Profit and seeks meaningful long-term investments with outstanding growth potential. Being an investment firm, it aims to help drive the transition to a low carbon, clean energy economy, as well as to bring affordable renewable energy to the developing world. Good Energies operates globally with offices in London, New York, Toronto, Washington D.C., and Zug (Switzerland). The annual investment budget is 350 million Euros. The current market capitalization of its globally invested portfolio is more than four billion Euros.

NICHOLAS NEGROPONTE, MATT KELLER, AND THE ONE LAPTOP PER CHILD INITIATIVE (1/2)



Nicholas Negroponte
Chairman, One Laptop per Child
Cambridge, USA

Nicholas Negroponte is founder and chairman of the One Laptop Per Child non-profit association. He is currently on leave from MIT, where he was co-founder and director of the MIT Media Laboratory, and the Jerome B. Wiesner Professor of Media Technology.

A graduate of MIT, Nicholas Negroponte was a pioneer in the field of computer-aided design, and has been a member of the MIT faculty since 1966. Conceived in 1980, the Media Laboratory opened its doors in 1985.

Nicholas Negroponte is author of the 1995 best seller, *Being Digital*, which has been translated into more than 40 languages. In the private sector, he serves on the board of directors for Motorola, Inc. and as general partner in a venture capital firm specializing in digital technologies for information and entertainment. He has provided start-up funds for more than 40 companies, including *Wired* magazine.



Matt Keller
Director; Europe, Middle East and Africa
Geneva, Switzerland

Matt Keller is Director for Europe, Middle East and Africa for One Laptop per Child. In this capacity, he works with governments around the world to introduce the laptop to children living in the poorest and remote regions of the world. He also works to develop implementation strategies and lobbies wealthy nations to provide resources to least developed countries as a way to acquire this technology.

Mr. Keller has also worked as a programme officer with the United Nations World Food Programme (WFP) in Rome. There he worked with governments and private organizations around the world to raise awareness and resources for programs where children are fed nutritious meals in schools.

Prior to his appointment to WFP, Matt served as Legislative Director for Common Cause in Washington, DC where he worked on issues of openness and accountability in the United States Congress. He also acted as a lobbyist and political strategist and worked closely with Senator John McCain on legislation that banned unlimited, unregulated corporate donations to America's political parties.

Mr. Keller has also worked as a lawyer and lobbyist on behalf of low-income people and migrant farm workers in the Southwest United States, and as a Jesuit Volunteer in Portland, Maine.

NICHOLAS NEGROPONTE, MATT KELLER, AND THE ONE LAPTOP PER CHILD INITIATIVE (2/2)

Contributors



'It's an education project, not a laptop project'

- Nicholas Negroponte

The mission of OLPC is to create educational opportunities for the world's poorest children by providing each child with a rugged, low-cost, low-power, connected laptop with content and software designed for collaborative, joyful, self-empowered learning.

The project's origins go back more than four decades to the early days of computing, when most machines were still the size of small dinosaurs, and almost no one dreamed they would ever be suitable for children. But pioneering thinkers like Seymour Papert disagreed sharply, and over time led the long march from radical theory to reality proving the immense power of the personal computer as a learning tool for children.

OLPC was founded by Nicholas Negroponte with a core of Media Lab veterans, but quickly expanded to include a wide range of exceptionally talented and dedicated people from academia, industry, the arts, business, and the open-source community. Each individual involved brings a unique skill set, and a deep personal passion, to the project.



Ernst R. Ligteringen

Chief Executive of the Global Reporting Initiative (GRI)
Amsterdam, The Netherlands



Ernst Ligteringen is the Chief Executive of Global Reporting Initiative (GRI), an international partnership that has developed the standard for sustainability reporting. Ernst has held this position since 2002, when GRI was established as an independent organization with an international Secretariat in Amsterdam.

Ernst Ligteringen holds overall responsibility for GRI, including secretariat operations and the coordination of the worldwide GRI network of active stakeholders who participate in the GRI's governance, working groups, reviews, and consultation processes. Ernst is a member of GRI's multi-stakeholder Board of Directors, which has charged the GRI with the mission of making sustainability reporting as relevant and mainstream as financial reporting.

Before joining GRI, Ernst had a 23-year career in various non-governmental and international organizations, including postings and missions in Africa, the Caribbean, Latin America, Asia, Middle East and Europe. His posts included: Executive Director of Oxfam International; Director of Programme Coordination of the International Federation of the Red Cross and Red Crescent Societies; and Consultant to the World Commission on the Social Dimension of Globalization at the ILO.

Ernst Ligteringen is a Dutch national, married and has two daughters.

- The Global Reporting Initiative (GRI) is the world's most widely used sustainability reporting framework.
- It defines sustainability reporting as 'a process for publicly disclosing an organization's economic, environmental, and social performance'.
- It gives guidelines to companies of all sizes and from all industries on how to incorporate non-financial performance into a company's financial reports.
- The GRI promotes standardized sustainability reports in order to make them comparable over time and across companies.
- The GRI refers to a 30'000 strong multi-stakeholder network that collaborates to advance sustainability reporting.
- To date, more than 1'500 companies, including leading brands, have declared their voluntary adoption of the Guidelines.

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Further Reading

'NEW ERA FOR SUSTAINABLE INVESTING'

Further Reading

Historically, rich people have led the way in investment trends, taking up hedge funds and private equity before these asset classes became generally popular.

News Analysis

Rich lead the way for investments to enter mainstream says **Sophia Grene**

Rich people increasingly want to invest their money without harming the environment, possibly heralding mainstream take-up of such investment principles.

"Even those who aren't actually doing it are talking about it," said Matt Christensen, executive director of the European Social Investment Forum, which has surveyed both rich individuals and the wealth managers who look after their money about the topic of sustainability.

Nearly three-quarters of respondents have seen an increase in interest in sustainable investing in the last 12 months, according to the Eurosif survey, which also forecasts more than €1'000bn (£805bn, \$1'473bn) of rich people's money will be in sustainable investments by 2012. This represents a near doubling of the absolute levels in 2007, and a proportionate increase from 8 per cent to 12 per cent of rich people's wealth.

New money, either from people who have recently become wealthy, or new flows from established investors, is driving the flows into sustainable investment strategies or instruments.

"Successful entrepreneurs of today are not the industrialists of yesterday," said one survey respondent. "They are younger and more interested in sustainable investments."

Historically, rich people have led the way in investment trends, taking up hedge funds and private equity before these asset classes became generally popular.

"When the high-net-worth individuals first started to get into hedge funds, it was the same time as the quite endowments, like the Yale Endowment Fund, were getting into them," said Mr. Christensen.

"Now everyone is looking at them." He reckons sustainable investing will follow a similar pattern.

Although the rich were not the only asset owners considering how to invest without causing harm, this trend was likely to act as a catalyst to make the concept mainstream, according to Mr. Christensen.

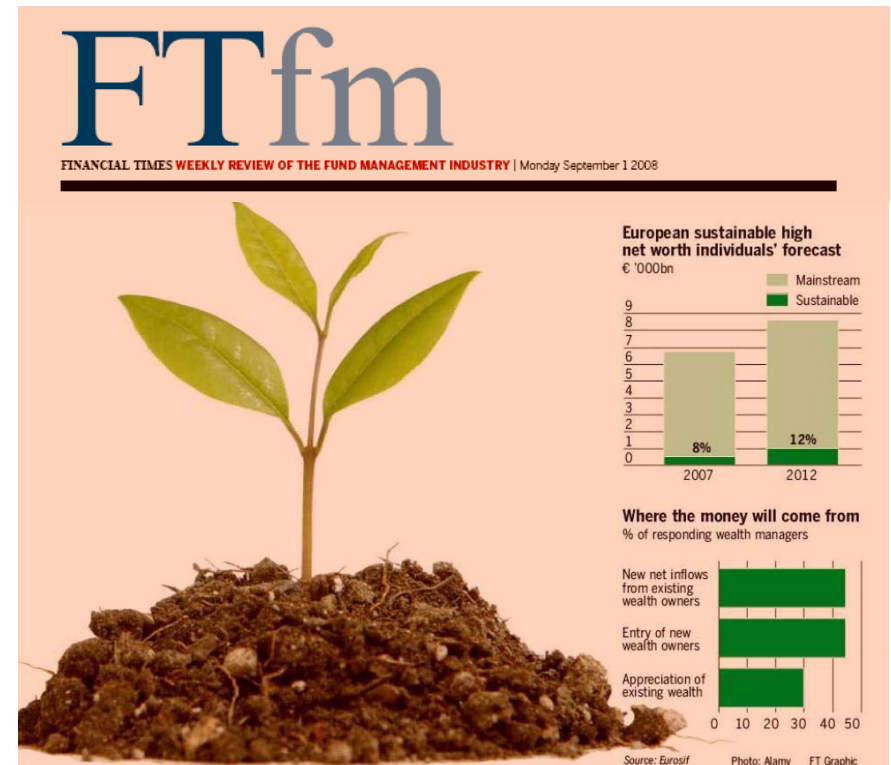
"This is not to discredit the fantastic work some major institutional investors are doing," he said, referring to funds such as Calpers, the Californian state pension fund, "but its going to help unlock future institutional investments."

This is because the rich people now considering sustainable investment tend to be well connected.

While pension fund trustees worry about socially responsible investing, charitable foundations may look for ethical options and investors who just want to make more money focus on extra financial issues, rich people are considering how to make the way their money works more sustainable.

The term is somewhat ill-defined, as is most of the terminology in this area, but it covers concerns about environmental, social and governance issues. According to Mr Christensen, one reason for emphasizing sustainability is that it distinguishes the investment principle from philanthropy.

Although one wealth manager claimed its clients "choose sustainable investments with their heart, because they think it is the responsible thing to do", there were other motivations.



"As with all investment, the emphasis is on clarity over all the key performance indicators [which may not be financial with such investing] and then clear measurement of achievement versus the goals set," said one multi-family office based in the UK. "Everything else in our view is hot air."

Just as investors have diverse reasons for wanting to invest sustainably, there are various ways they can do so. The most popular, was the thematic approach.

Thematic funds focus either on sectors or issues such as energy efficiency or climate change.

This means they do not necessarily fit what most commentators would think of as sustainable criteria, but for investors they may be more attractive than funds based on negative screening or 'best-in-class' policies.