



**David Blood Presents The Farsight Award 2007,
created to honour the best in long term research,
to Cheuvreux
for their long-term investment research report
“Utilities vs. Carbon: Phase II”**

At a Gresham College lecture in London’s Docklands on Monday 21 January 2008, David Blood, Managing Partner of Generation Investment Management, presented the Farsight Award to Cheuvreux for their ground-breaking research “Utilities vs. Carbon: Phase II”, written by a team headed by Stéphane Voisin. Over 300 senior financial services people attended the event which followed a lecture from David Blood, “The Case For Sustainable Business”.

<http://www.gresham.ac.uk/event.asp?PageId=45&EventId=720>

London – 21 January 2008: Financial markets have received a lot of criticism for focusing too much on the short term – criticism for *not* focusing on longer term issues such as human capital, climate change, or corporate governance. The Enhanced Analytics Initiative (www.enhanced-analytics.com) refutes that criticism. Three years ago, the 29 investment firms and pension funds who are members of the Enhanced Analytics Initiative pledged 5% of their brokerage commissions to rewarding long-term research that covers extra-financial issues. The Enhanced Analytics Initiative represents over \$2.4 trillion in assets committed to promoting extra-financial and longer-term research. Two Gresham College initiatives, the Farsight Award and the London Accord (www.london-accord.co.uk), the first financial services ‘open research’ project, now a 25 report, £7 million, 780 page sharing of investment research into climate change, show that the ‘long view’ is now central to financial analysis.

The Farsight Award is a project between the Universities Superannuation Scheme and Gresham College with support from Z/Yen Group Limited. The objective of the Farsight Award is to honour the best individual piece of analysis by investment research institutions that integrates traditional financial analysis with longer term issues such as climate change, corporate governance and human capital. The award is a ‘Man Booker’ Prize for the ‘best read’ in long-term research.

One of the Farsight Award judges, Melissa Brown, pointed out, “2008 looks to be the year when bold, smart analysts could help score some major coups”.

Over the past three months, Enhanced Analytics Initiative members have submitted outstanding pieces of analysis to the Farsight Award judges. The research covered issues such as environmental and social governance, beverages, biofuels, retail lending, CO₂ & automobiles, energy and climate change. The criteria for the Farsight Award are originality, quality, readability and clarity, sophistication and depth, and financial usefulness.

The Farsight Award judges evaluated six exemplary research submissions from investment research firms Bear Stearns, Cheuvreux, Citigroup, Deutsche Bank, Goldman Sachs and Innovent, among others, containing over 1,000 pages of investment research. The Farsight Award judges are:

- ◆ Alice Chapple, Director of Sustainable Financial Markets at Forum for the Future;
- ◆ Melissa Brown, Executive Director of the Association for Sustainable and Responsible Investment in Asia;



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- ◆ Professor Gwen Griffith-Dickson, Director, The Lokahi Foundation;
- ◆ Simon Mills, Principal Policy Officer for Sustainable Development, City of London Corporation;
- ◆ Jan-Peter Onstwedder, Project Director of the London Accord and former Global Head of Risk Management of BP plc;
- ◆ Professor Avinash Persaud, Chairman of Intelligence Capital Limited;
- ◆ Raj Thamotheram, Director of Responsible Investment, AXA Investment Management
- ◆ Professor Michael Mainelli, Executive Chairman of Z/Yen Group Limited, who also chaired the panel of judges.

The Chairman of the Judges, Professor Michael Mainelli, said, “We hope that the Farsight Award helps investment research institutions realise the demand for longer-term research within the financial services industry, and helps the leading institutions gain recognition for their efforts. The panel of judges were particularly pleased with Cheuvreux’s report as they felt it set out challenging thinking about scenarios beyond 2012 for the European Emissions Trading Scheme and utilities. While this year’s contestants were excellent, we hope next year’s research submissions challenge basic assumptions and extend the scale of empirical research surrounding the long-term issues of investment.”

Stephane Voisin, accepting the award, said, “My team and I are deeply honoured to have won the second Farsight Award. Cheuvreux is highly committed to developing long-term extra-financial and sustainable investment research, and we are pleased that the financial services community increasingly recognises and rewards its value.”

David Russell, Co-Head of Responsible Investment at USS said: “To make the best investment decisions, fund managers need the best analysis. By highlighting excellence in individual reports, such as Cheuvreux’s Utilities vs. Carbon: Phase II, USS believes the Farsight Award supports the aims of the EAI in generating better integrated long term extra financial research.”

Notes to Editors:

About Gresham College – www.gresham.ac.uk

Gresham College was founded by Sir Thomas Gresham in 1597 and is an independently funded educational institution supported by the Mercers’ Company and the City of London. Based in Barnard’s Inn, Holborn, in the centre of London it provides free lectures for the past 400 years by its eight professors of astronomy, commerce, divinity, geometry, law, music, physic and rhetoric, and initiated the Royal Society. The lectures were established by Sir Thomas, a leading London merchant who financed the Royal Exchange, and are designed to engage Londoners in the study, teaching, research and intellectual debate on matters which concern the city.

Professors have included philosopher, architect and astronomer, Robert Hooke, Sir Christopher Wren, Professor Colin Pillinger, who headed the British-led Beagle-2 expedition to land a craft on Mars, renowned mathematician Sir Roger Penrose and Templeton Prize winner Professor John Barrow.

About the Enhanced Analytics Initiative – www.enhanced-analytics.com

The Enhanced Analytics Initiative is an international collaboration between asset owners and asset managers aimed at encouraging better investment research, in particular research that takes account



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of the impact of extra-financial issues on long-term investment. The Initiative currently represents total assets under management of more than \$2.4 trillion.

EAI incentivises research providers to compile better and more detailed analysis of extra financial issues within mainstream research. Its impact depends on offering credible market incentives to interested and appropriate research agencies to encourage them to adapt their research process and to become more innovative.

About USS – Universities Superannuation Scheme

USS is the second largest pension fund in the United Kingdom and the principal pension scheme for UK universities, acting for 378 universities and academic institutions. It has more than £30 billion in assets, and approximately 250,000 members. USS has a commitment to long-term and active share ownership. To exercise this commitment, the fund has created a Responsible Investment (RI) team of four that works with its internal and external fund managers, and other market participants, on a range of extra financial issues such as corporate governance and corporate responsibility. USS has initiated and participates in a number of collaborative investor projects covering issues as diverse as climate change and the Pharma business model, to US corporate governance and executive remuneration.

About Cheuvreux

CA Cheuvreux is a leading European full-service broker, serving more than 1,100 of the world's top institutional investors, with local offices in nine European countries, as well as in the US, Japan and the United Arab Emirates. CA Cheuvreux is consistently ranked by international institutional investors as a leading European equity broker for the quality and independence of its research, that covers 760 European stocks. CA Cheuvreux is a subsidiary of AA-rated Credit Agricole Group, one of the world's leading banking institutions.

About Z/Yen Group Limited – www.zyen.com

Z/Yen is the City of London's leading commercial think-tank, founded to promote societal advance through better finance and technology. Z/Yen 'asks, solves and acts' on strategy, finance, systems, marketing and intelligence projects in a wide variety of fields, such as developing an award-winning risk/reward prediction engine, helping a global charity win a good governance award or benchmarking transaction costs across global investment banks. Z/Yen produces a wide variety of research, including the Global Financial Centres Index for the City of London Corporation.

About extra-financial issues

Academic analysis indicates that a substantive part of a company's value is related to its extra-financial performance or intangibles. Extra-financial issues are best described as fundamentals that have the potential to impact companies' financial performance or reputation in a material way, yet are generally not part of traditional fundamental analysis. Extra-financial issues typically include, but are not limited to, climate change, corporate governance, employment standards, human resources, executive remuneration, environmental and social areas and reputation risk. They may be specific to a company, an industry or cut across several industry-groups.