



SARASIN

SUSTAINABILITY REPORT

2004



SARASIN

Sustainability Report 2004

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## Foreword by the CEO

Reader-friendly information instead of «Corporate storytelling». What we wish to do with this report is to give you a true picture of our sustainability philosophy, the organization of our sustainability management, the planning and monitoring processes, the measures put into action during the report year and the results of these initiatives.

Bank Sarasin supports sustainability. Much of what is today referred to as sustainability has been part of our business culture for quite a long time. This also includes our bank's social engagement, our internal environmental management and our sustainable asset management. Bank Sarasin looks back on a 150-year history. Sustainability means, for us, being able to offer our clients high-quality products, being an attractive employer and also being able to recognize and carry out our social and ecological responsibilities, and this continuously and in the future.

This way of seeing ourselves is not only noticeable in our model and our sustainability practices, but also defines the daily activities of the bank. Our new slogan, «Responsibly yours», stands for this. We see the involvement of the entire workforce and the full integration of our slogan in daily business practices as a permanent responsibility.

In 2004 Bank Sarasin was able to record great progress in our efforts towards increased sustainability. We completed our strategy by introducing not only social policies, but also related targets. This is, for us, a natural step in the direction of an all-encompassing sustainability management programme. Applying these social policies requires hard work on the «soft» factors. We have risen to this challenge.

In Switzerland, an employee satisfaction survey provided important information concerning strengths and weaknesses. In the current year, we shall be looking at the deficits that this survey has brought to light. The next employee survey will take place in 2006 and will include the entire Sarasin group.

We have been recording our environmental values since 1996. This latest report is based on the new standard

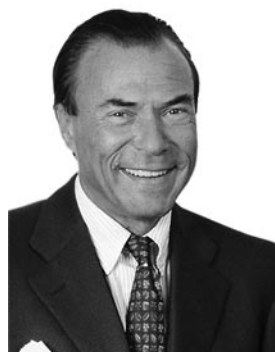
VfU 2005 and we have had to alter the indicators for 2003 to correspond with this. In 2004, we began to integrate the Luxembourg branch into the internal environmental management programme. Thus 84% of the total number of employees in the Sarasin Group has been included in the internal environmental audit. The Hong Kong and Singapore branches will follow soon.

We have noted with great satisfaction that our long-standing internal ecological efforts are reflected in continuously improving environmental values. Although there is still scope for improvement here and there, we are very proud that all our environmental indicators demonstrate a clear improvement in comparison to last year.

Suggestions and criticisms are always a great help in our Sustainability Reporting, enabling us to respond to your interests and needs. We would therefore be most appreciative of any comments you care to send us.

Responsibly yours

Peter E. Merian  
Chief Executive Officer





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## Key Information at a Glance

- Bank Sarasin & Co. Ltd is a respected and successful private Swiss bank with locations in Europe and Asia. Our core activities include investment advisory services and asset management for private and institutional clients as well as investment fund management. Investment Funds, Corporate Finance, Brokerage and Finance analysis complete our range of services.
- The new model introduced at the beginning of 2004 sees sustainability as a crucial component for a successful business philosophy. The Sustainability Committee is a specialized body.
- This current Sustainability Report 2004 sees us extending our environmental reporting, in that we will also be including information concerning the social aspects of our business activities.
- A new element in our sustainability policy is the internal social policy, launched in 2004 by the Bank Sarasin management. At the same time, concrete targets up to the year 2007 were set.
- To enable us to realize the sustainability targets, an annual a plan of action for the following year will be created.
- An independent institute carried out an employee satisfaction survey in all Swiss locations. 80% of the employees took part. As a result of this survey, certain measures have been defined for the future.
- In 2004, the introduction of an IT-supported transaction monitoring system with the aim of uncovering unusual business practices, as well as for the prevention of money laundering, as required by the Federal Bank Commission, represented a great challenge for the entire Sarasin group.
- Assets managed by the Sarasin Group with consideration to environmental and social criteria increased in 2004 by 53% to CHF 3.086 billion. This growth was mainly attributable to the takeover of Chiswell Associates (now: Sarasin Chiswell) in May 2004.
- For the calculation and processing of the environmental indicators, a newly designed environmental auditing software («SoFi») has been used.
- The environmental indicators for this report year are based on the «VfU Indicators 2005», valid since the beginning of 2005 and which replace the previous standards. For the purposes of comparison, the corresponding values from the previous year have been converted to the current standard and recalculated where necessary.
- The environmental management system limits were expanded to include our location in Luxemburg.
- The total environmental performance (environmental impact points per employee) has improved by approx. 9% in comparison to the previous year.
- At the end of 2004 in all our Swiss locations, we launched a 100% recycled paper (post-consumer waste) programme.
- The renovation of the ventilation and cooling system at the headquarters in Basel in 2004 has led to a remarkable economization in heating energy (approx. 7%), due to the optimized heat recovery system.



## Bank Sarasin & Co. Ltd – a Company Portrait

Founded in 1841, Bank Sarasin is today one of Switzerland's leading private banking institutions. Its sustainable success is based on trust, confidentiality, expertise and dedication. Bank Sarasin's core activities include investment advisory and asset management services for private and institutional clients, as well as an investment funds business. Its complementary services extend to corporate finance, brokerage

and financial analysis. The Sarasin Group – headquartered in Basel, Switzerland – employs over 1 100 financial professionals in Switzerland, Dubai, France, Germany, Guernsey, Hong Kong, Luxembourg, the United Kingdom, and Singapore. Bank Sarasin is a limited company. Its shares are listed on the Swiss Stock Exchange, SWX.

### Key Indicators for the Sarasin Group

Indicator	Unit	2004	2003	Change
Balance sheet total	CHF mn	7 498	7 577	- 1.0%
Net operating profit	CHF mn	411	392	4.9%
of which				
– deposit and lending		59	58	1.7%
– commissions and services		301	287	5.1%
– trading		47	45	4.6%
– other income		4	2	56.2%
Operating expenses	CHF mn	311	299	4.0%
of which				
– employees		222	215	3.5%
– running costs		88	84	5.2%
Total profit	CHF mn	101	94	7.7%
Group profit	CHF mn	102	70	45.5%
Managed client assets	CHF mn	53 840	48 650	10.7%
– Private clients		31 896	30 821	3.5%
– Institutional clients		14 737	10 958	34.5%
– Investment fund assets		7 207	6 870	4.9%
Headcount	Number	1 145	1 110	3.2%
of which	(adjusted for			
– Switzerland	P/T posts)	755	756	0.1%
– abroad		355	389	9.6%

For details of our business activities and the profit and loss statement, please refer to our Business Report 2004, which is available in German, English and

French, and can also be called up from our Internet site [www.sarasin.ch](http://www.sarasin.ch).



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## Sustainability Policy

Bank Sarasin sees itself as bound to the traditional values of fair business practice and commitment to the public good. As early as 1991 we offered asset management based on sound ecological criteria. In 1996, the bank signed the UNEP Declaration of Banks for Sustainable Development and thus recognized its shared responsibility for the accomplishment of long-term economically and ecologically favourable development. In the following year, the first environmental model was agreed upon.

In 2003, Bank Sarasin decided to embed the already existing environmental management into the broader context of sustainability<sup>1</sup>. Our target was to increasingly integrate social aspects with business activities and policy into the company management. A Sustainability Committee, responsible across the company, was set up. The Sustainability Committee, as a company-wide body, supports the bank's management, the Group Executive Board (GEB), in all aspects of sustainable business activity. The committee carries primary responsibility in questions of sustainability for the Sarasin Group. It is responsible for the development and realization of a company wide valid sustainability policy. The committee consists of members from the following departments; Private Banking, Institutional Banking and Investment Funds. Other members include the heads of the Sustainable Investment branch, the Human Resources

department as well as Corporate Communications. Additionally, the logistics department is represented.

The Bank Sarasin model considers sustainability an essential component of a successful business philosophy. The bank's sustainability policy is expressed in the policies (social policy and environmental policy) agreed upon by the GEB.

The most important field of activity for our sustainability management lies in the areas of personnel, sustainable products, complying with the supervisory regulations, internal environmental management as well as communications both internal and external.

<sup>1</sup> The term sustainability originates from forestry and means, briefly, that no more trees should be felled that can be replaced. This idea was further developed in 1987 by the UN World Commission on Environment and Development under the leadership of the then Norwegian Prime Minister Gro Harlem Brundtland. Thus a new model of a long-term sustainable development policy was created, which is intended to satisfy «the needs of the present without compromising the ability of future generation to meet their own needs». At the Environmental Conference in Rio de Janeiro 1992, this expression entered politics and economy.



## Bank Sarasin's Social Policy

- Bank Sarasin sees corporate social responsibility as a very important aspect of its business activity. High ethical standards are crucial for all our decisions.
- Employees are individually responsible for their ethical conduct within their particular area of work. The bank provides the necessary support for this.
- Honest and fair conduct towards our clients, fellow workers and competitors is very important for us.
- We want to offer our employees attractive terms of employment and working conditions. By this we understand salaries and social benefits in line with their performance and current market practice, career development possibilities, a good working environment, equal opportunities and a suitable balance between professional and private life. We encourage the professional development of our employees through training and continuous development programmes.
- We aim to meet high standards in the areas of corporate governance and transparent reporting.
- We support political, cultural and charitable activities by participating in organizations and making donations.
- We foster open communication with our stakeholders.

The Group Executive Board (GEB) is responsible for implementing our social policy.

The GEB is advised in this area by the Sustainability Committee.

This social policy was approved by the Group Executive Board of Bank Sarasin & Co. Ltd on 17 August 2004. It is regularly reviewed and updated as necessary.

The next review will be within five years at the most.



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## Bank Sarasin's Environmental Policy

- We consider responsible management of natural resources, the maximum possible reduction of harmful emissions and the avoidance of potential environmental risks to be essential prerequisites for a decent quality of life and sustainable development in the spirit of the Rio Conference (1992). We also associate sustainable development with real business opportunities.
- We want to become a leading player in our industry in the field of environmentally aware business management and sustainable investment products. We intend to do this through a process of continuous improvement.
- The main areas of our environmental management activities include organizational and technical measures to make our business processes more environmentally compatible, raising the awareness of our employees about environmental issues, working closely with suppliers and providing information to the general public.
- Each employee is responsible for their own environmentally responsible conduct within their particular business domain. The bank provides the necessary support for this.
- We set ourselves measurable environmental goals which are geared towards problematical environmental areas. These goals are linked to concrete measures to achieve our targets. Every year we perform an internal environmental audit to check whether we have achieved these goals.
- We encourage open communication both inside and outside the bank which enables our environmental initiatives to be assessed.
- We take an active part in the relevant committees and industry initiatives.
- The Sustainability Committee is responsible for the implementation of our environmental policy.

This environmental policy was approved by the Group Executive Board of Bank Sarasin & Co. Ltd on 11 November 2003. It is regularly reviewed and updated as necessary. The next review will be in 4 years' time at the latest.



## Sustainability Management

The GEB has agreed upon aims for the realization of the sustainability policies in the social and environmental areas. The Sustainability Committee works out a catalogue of concrete measures annually, to enable us to achieve these aims. The plan is linked to the budget. The realization of the suggested measures is a component of the objectives for the employee responsible for its realization. The Sustainability Committee reports annually to the GEB and informs the employee about the achievements made.

The Sustainability Working Group, set up by the Sustainability Committee, coordinates and checks the realization of the plan. The realization of the individual measures is carried out by teams, which are set up to meet the necessary requirements.

Human Resources is responsible for any measures planned for the personnel department. Legal & Compliance are responsible for legal matters. Communication and Allocations are the tasks of Corporate Communications. Product sustainability is the core business of the Sustainable Investments department. Our internal environmental management includes the position of a central environmental manager in the Basel headquarters as well as a local environmental manager in each of the following locations; Geneva, London, Luxembourg and Zurich. The inclusion of the Asian locations will take place in the near future.

## Clients

Bank Sarasin, founded in 1841, is a Swiss private bank based on long traditions with locations in Europe and Asia. As given in our model, in the foreground are all our activities with clients to whom we offer our high quality, personal, individual and competent services on the basis of trust and discretion. Our clients are private individuals (incl. fund clients), institutional investors and businesses.

We have noted that the choice of bank relationship and the loyalty to the bank is less a given factor than previously. We must accept that, but in no way change our own professional attitude: We are here for the client, that is our task, responsibility and business foundation.

A survey among Private Banking clients in Basel evaluated the personal contact between advisor and client as very good, which confirms our continuing efforts towards a fertile dialogue. The knowledge gained from the survey will be used to align ourselves more closely to the needs of our clients. Just as pleasing is the confirmation of the quality of our services by independent

experts: Additionally, in 2004, we received the evaluation «excellent» from the German daily paper «Die Welt» within the framework of an annual comparison of asset managers based in the German-speaking area. We also received top marks for client information, quality of advice and systematic, service and comfort as well as for our range of product specialities. We have thus managed to present ourselves as a leader.

After 18 months of intensive preparation, we introduced the bank standard software Avaloq in Basel in January 2004. Although the introduction itself was successful, our (perhaps overly) ambitious desire to completely eradicate errors when dealing with our clients was unattainable. We are most grateful to our clients for their understanding and loyalty during this difficult introductory phase, and express our heartiest thanks.

Chiswell Associates Ltd (London) was taken over in 2004 and integrated into the existing London business activities. During the necessary restructuring, we made every effort to guarantee our clients a continuing high-quality service.



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## Employees

### Human Resources Policy and Management

The guidelines of Bank Sarasin's personnel policies are defined our model: «At all levels, our staff are noted for their professional and social abilities. We also lay great value on innovation and productivity. Our employees are paid according to these high requirements and also receive excellent pension plans/social insurance. We also consider further professional education and the personal development potential of our staff as of paramount importance.»

Human Resources is responsible for personnel matters in Switzerland. Its responsibilities include the application of the Human Resources policy, staff recruitment and care, training and salaries administration. The Human Resources departments of our daughter companies and the branches abroad also come under the responsibilities of the business resp. company division. In Switzerland, there are regulations which define the general employment conditions between Bank Sarasin and its employees. This also includes the responsibili-

ties of the employees, working hours and holiday regulations, social benefits, as well as security measures. The employee regulations are part of the employment contract and are valid for all employment conditions in Switzerland.

Bank Sarasin supports equality. Discrimination in recruitment, salary, promotion or in daily life will not be tolerated in any way whatsoever.

On their first day of employment, all new members of staff are instructed on our management and key values. These are also made available to all employees in the Intranet and act as guidelines for our activities and our daily work.

An important leadership instrument is the SaraDialog. This includes an annual employee appraisal with a performance evaluation, a definition of development measures und individual targets.

The employee representatives defend the interests of the employees in Switzerland.

### Important Developments in 2004

Following a drop in the number of employees due to restructuring, the bank employed 1 100 at the end of 2003. This number recovered to 1 145 (revised to include PT employees) in the current report year. The acquisition of Chiswell Associates in London contributed to this increase, as well as the cooperation with Colombo Gestioni Patrimoniali SA in Lugano. These developments are opposed to the restructuring in Guernsey and the sale of the Banque Jenni & Co. Ltd. Adjusted,

i.e. without alterations in the participation portfolio, the number of employees dropped slightly.

In 2004, the GEB agreed upon a social policy and associated aims and measures for sustainable company management. The social policy makes clear that all employees are responsible within their domain for ethical behaviour and that Bank Sarasin supplies the necessary support. Further, our social policy defines the guidelines for employment and working conditions.

**Employee-Related Indicators**

Indicator	Unit	2004	2003	Changes
Head count on 31.12.	Employees (with PT adjustment)	1 145	1 110	3.2%
of which				
– Switzerland		756	755	0.1%
– abroad		389	355	9.6%
Head count on 31.12.	Employee (no PT adjustments)	1 186	1 160	2.2%
Fluctuations rate*	%	10.6	10.8	– 1.9%
Personnel costs	CHF mn	222	215	3.3%
of which social benefits and contributions to pension funds		29	29	0%

\* only headquarters, without retirements

To this belong not only market- and performance-linked salaries and social benefits, but also professional development opportunities, a good working environment, equality and the compatibility of private and professional life. The Human Resources and the Controlling departments have evaluated a new software which should

meet the needs of both parties. The introduction will take place in stages. Personnel administration and organization management were successfully migrated on 1 Januar 2005. The introduction for Controlling will take place in autumn 2005.

**Employee Satisfaction**

In this report year, an independent market research institute carried out an employee satisfaction survey in all Swiss locations. Our aim was to measure the motivation and emotional loyalty of the employee to the firm, as well as to measure other components making up employee satisfaction. 80% of the workforce took part in the survey.

The index for employee emotional loyalty to Bank Sarasin was evaluated at 75 points, which is practically speaking the same average value as that of other comparable Swiss service industries (76 points). The highest evaluation was found to be in the area of working place conditions, use of staff talents and relations with colleagues. A potential for improvement, from the employees' point of view, is primarily in internal commu-

nications and personal development opportunities. The employees were given detailed information about the survey in the framework of one of 64 workshops, which took place in small groups, enabling the participants to make suggestions for improvements themselves.

Based on the results of the survey and the workshops, measures for improvement have been declared for all levels of the company in 2005. The workforce will be informed about these measures periodically, especially as they relate to their particular area. The realization of the measures will be reviewed by the Human Resources department. In future, an employee survey will take place every two years, across the company, for the first time in 2006.



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## Further Education

The right to professional training and further education is defined in Bank Sarasin's regulations. At the Swiss locations, there are annual internal training courses on such topics as banking business studies, management, time management and communication. Additionally, the bank supports numerous individual educational plans, e.g. Chartered Financial Analyst, Economic Engineer and various post-graduate courses (management, internal economy, information technology, etc.).

The internal training programme in Switzerland was limited to a half-yearly cycle, due to the introduction of the new banking software in 2003 and 2004 and the commensurately heavy workloads. Compulsory examinations for most of the internal courses have been introduced for the purpose of quality assurance and to increase the liability. Due to the rapid changes in the laws and regulations as well as the ever-increasing complexity of the products and services, we began an extended education programme in the Legal & Compliance branches in 2004. An essential component were

the courses connected with the introduction of the transaction monitoring system, which serves to uncover unusual business incidents, especially with regards to money laundering as well as with high-risk clients.

In 2004 in Switzerland, a Management Development Concept was introduced for the improved development of the management level. Regular assessments to evaluate a competency profile and development potential have been taking place since 2004. Individual development plans are then worked out from this information. Training costs (excl. personnel costs) have increased in comparison to the previous year by 28%; on average CHF 2 412 per employee at headquarters. In 2004, 307 employees from headquarters (41%) took part in training programmes.

In 2004, we had 19 trainees, of which 7 successfully completed their training. Five of these also received their matriculation diplomas.

## Social Benefits

Bank Sarasin wishes to offer employees attractive employment conditions, which include not only market- and performance-linked salaries, but also social benefits.

The Group maintains welfare plans (pension plans, disability and surviving dependents pensions) for employees in Switzerland as well as for the foreign subsidiaries – especially in Luxembourg, Singapore, Hong Kong and London. The arrangements agree with the legal requirements of each country. All such welfare programmes are contribution-based, and financed by contributions from both the employee and employer.

As of 1 January 2004, the pension plan for Swiss employees was mutated from a performance-oriented to a contribution-based form. With the new model,

transparency has been significantly increased. The improved conditions due to the inclusion of gratifications and bonuses in the insured salary as well as elective contribution scale for the pension plan are further advantages.

For employees in Switzerland, retirement age is 63. From age 58, it is possible to retire early or partially. Employees may claim an AHV-bridging pension until the legal age of retirement (65) has been reached. The AHV-bridging pension is financed by the pension fund. Staff benefits include, among other things, special conditions for bank services as well as – in Switzerland – Reka-Checks and the half-price rail ticket.



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## Society

### Social Commitment

Bank Sarasin is active in numerous social institutions in the areas of culture, medicine, sport, traditional culture, religion and social work. This includes company memberships and regular donations. In many cases, this comes about from direct relations to the concerned institutions. Members of Bank Sarasin's administrative committee resp. the business management take their places in numerous social institutions and occupy important positions on the boards, foundation

committees and commissions. Not only are numerous requests for donations considered, but also one-off contributions are made for various social, humanitarian, cultural, athletic and other social purposes. Immediately following the tsunami catastrophe in Asia, Bank Sarasin decided to take part in the financial support required for a rebuilding project. Additionally, members of the board initiated a collection among employees.

### Collaboration in Initiatives for the Encouragement of Sustainability

Bank Sarasin takes an active part in initiatives encouraging sustainability. The Philiias Foundation is a network of Swiss firms who play a role in society and want to encourage social responsibility. Bank Sarasin is an active member of Philiias. In October of 2004, Bank Sarasin hosted a Philiias-network meeting on the theme of «Corporate Culture: Corporate Cultures and Social Responsibility».



We also take part in the social initiatives of institutional investors. Thus, in 2003, we joined the Carbon Disclosure Project. This is an initiative of about 134 institutional investors who wish to draw attention to the risks and opportunities which would be part and parcel of a climate change. As part of the Carbon Dis-

closure Project 500 largest global companies were requested to reduce their greenhouse gas emissions and to publish their hazard management policies<sup>2</sup>.

Furthermore, Bank Sarasin signed the Investors' Statement on Transparency in the Extractives Sector. This is a call by institutional investors for increased transparency from firms concerned with raw material sourcing in threshold and developing countries. It should thus be an effective contribution to the fight against corruption. The Investors' Statement supports the Extractive Industries Transparency Initiative (EITI), launched by the British Prime Minister Blair in 2003. Since then, 60 institutional investors, who manage assets of a total of USD 8 300 billion, have declared their support of the Investors' Statement<sup>3</sup>.

Bank Sarasin participated in the discussion about the connection between sustainability and shareholder value. In 2004 we were represented in the United Nations Global Compact working group «Best Practices in Financial Analysis». The working group made 25 recommendations for integrating sustainability aspects more strongly in asset management, bonds business and research. The recommendations are disclosed in the report «Who Cares Wins – Connecting Financial Markets to a Changing World»<sup>4</sup>, along with the reasoning behind them. This report, signed by 20 international fi-

<sup>2</sup> Further information about the Carbon Disclosure Project and the results of the (up to now) three survey questionnaires can be found under [www.cdproject.org](http://www.cdproject.org).

<sup>3</sup> For further information about the EITI initiative, see [www.eitransparency.org](http://www.eitransparency.org).

<sup>4</sup> Can be seen under [www.unglobalcompact.org](http://www.unglobalcompact.org).



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nancial institutions – among them, Bank Sarasin – was initiated at the UN Global Compact Leaders Summit in June 2004 in New York by UN General Secretary Kofi Annan.

Bank Sarasin has been a member of the UNEP Finance Initiative<sup>5</sup>, a global partnership between the United Nations Environment Programme (UNEP) and companies from the private financial sector. In 2004, Bank Sarasin participated in the preparation for the two-year Emerging Market Responsible Investment Project. This concerns itself with the possibility of integrating sustainability aspects when investing in the capital markets of threshold and developing countries.



**UNEP Finance Initiative**  
Innovative financing for sustainability

### Legal and Regulatory Aspects

The trend to increasing regulation in the field of international banking remains unbroken. Even though it is hard to shake the impression that officials are taking part in a «Regulations Competition», with not always constructive additions to the lists, obedience to all legislation is a must. To ensure compliance to legal and regulatory legislation in our daily business, Legal & Compliance as well as the decentralized compliance responsibilities in the various business areas and the country-specific Compliance Units for Great Britain, Guernsey, Luxembourg, Hong Kong und Singapore are responsible.

Important instruments for Legal & Compliance are the instruction body, employee training and technical aids. Additionally, Legal & Compliance offers employees advice and help in all legal matters.

The instructional body is part of an all-encompassing system for controlling and monitoring the business activ-

In 1999, the Energie-Agentur der Wirtschaft (EnAW)<sup>6</sup> was founded by the leading economic companies/associations as a platform for companies to achieve the energy- and climate-political targets. The agency's aims are based on the CO<sub>2</sub>-Law. It is planned to reduce CO<sub>2</sub>-emissions in Switzerland by 2010 – to 90% of the 1990 values. In respect of the social and ecological responsibility, Bank Sarasin joined the EnAW in 2002 and participates actively in the banking group. With this membership we have committed ourselves to do our best to reduce CO<sub>2</sub>-emissions and increase energy efficiency. The corresponding targets agreed upon between the banks and the government were signed by both parties at the beginning of 2004 and thus valid. Last but not least, our due to our year-long membership in the Swiss Union for ecologically aware business practices (öbu)<sup>7</sup>, Bank Sarasin is one of a good 300 Swiss companies of varying sizes and interests which have joined together to tackle a common task: the further development of the Swiss economy according to sustainability guidelines.

ities of the Sarasin Group. Statutes as well as business and organizational regulations are the framework. Additionally, there are a set of laws, orders, ethical agreements and guidelines set by the supervisory authority, which we have to observe in our daily activities, not to forget the both written and unwritten in-house rules and values about how we should conduct our business affairs. These have been developed over the year and are a part and an expression of our corporate culture. Bank Sarasin's instructions offer our employees orientation and function as guidelines in our activities. Themes included in the instructional body are, among others, bank secrecy, the prevention of money laundering, rules for employee business, the independancy of financial analysis and security. Instructions at group resp. company level have group- resp. concern-wide validity.

<sup>5</sup> For further information about UNEP Finance Initiative see [www.unepfi.org](http://www.unepfi.org).

<sup>6</sup> For further information about EnAW see [www.enaw.ch](http://www.enaw.ch).

<sup>7</sup> For further information about öbu see [www.oebu.ch](http://www.oebu.ch).



All employees are instructed in the regulations applicable to themselves and made aware of the consequences of non-compliance.

In this report year, an IT-supported transaction monitoring system was introduced, intended to uncover

unusual business incidents, in compliance with the requirements of the Federal Banking Commission for the Prevention of Money Laundering. This meant considerable financial and personnel effort for the entire Sarasin Group.

## Corporate Governance

The principles and regulations of Bank Sarasin & Co. Ltd for Corporate Governance are laid down in the statutes<sup>8</sup>, the business and organizational regulations and the regulation of executive committee. As required by the regulations, they are regularly reviewed and submitted to the executive committee resp. the Annual General Meeting. The principles are oriented to the guidelines and recommendation set out in the «Swiss Code of Best Practice for Corporate Governance» by Economiesuisse. As a bank under Swiss law, Bank Sarasin & Co. Ltd is obliged to submit its statutes as well as business and organizational regulations at the Federal Banking Commission for approval.

The annual Corporate Governance report is a component of the Business Report<sup>9</sup> and describes the principles of the management policy of Bank Sarasin & Co. Ltd according to the «Guidelines concerning information on Corporate Governance» of the SWX Swiss Exchange. It gives information about the concern structure and shareholder body, capital structure, executive committee and business management, compensations, interests and loans, shareholders' participatory rights, monitoring and defensive measures, auditing and information policy.

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<sup>8</sup> The statutes of Bank Sarasin & Co. Ltd. are available in the Internet ([www.sarasin.ch](http://www.sarasin.ch), rubric «About Sarasin»).

<sup>9</sup> Bank Sarasin & Co. Ltd's Business Report is available in the Internet ([www.sarasin.ch](http://www.sarasin.ch), rubric «About Sarasin»).



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## Products

Bank Sarasin specializes in asset management for private and institutional clients, as well as investment funds. Corporate finance, brokerage and financial analysis complete our range of services. To a lesser extent, we also provide mortgage and Lombard lending. Corpo-

rate finance, commerce and loans are only a minimal part of our business in comparison to asset management. Thus, in this section, we concentrate on asset management and investment funds business.

### What Are Sustainable Products?

According to the U.N. World Commission on Environment and Development, sustainability means «meeting the needs of the present without compromising the ability of future generation to meet their own needs». Sustainable are those products and services for asset management and investment funds which satisfy these requirements in asset management.

### Range of Sustainable Products

Bank Sarasin has offered asset management according to ecological criteria since 1991. In 1994, the Eco-efficiency Concept was introduced. A further milestone was in 1998, when the investment process was extended to include social criteria.

At the beginning of 2000, the Sustainable Investment branch was founded. This, we bound together our considerable experience in sustainable asset management. Sustainable Investment consists of sustainability research and sustainability-portfolio management. Sustainability Research analyzes branches, companies, institutes and countries according to ecological and social criteria, based on a concept developed by our bank.<sup>10</sup> The results of these analyzes provide – along with classical finance analyzes – the basis for investment decisions made by the portfolio-management team specialized in sustainability.<sup>11</sup> In order to guarantee quality and to bring in essential external expertise, we consider the independent advice of our fund open to the general public of paramount importance. This body is made up of, among others, a lawyer who is also an expert for consumer protection, an economist, an entrepreneur, funds experts and a scientific journalist.

Our range of sustainable products includes funds for private and institutional investors as well as client-tailored assets invested with in-house funds. For private fund clients interested in sustainability, the following products are available; a pure bond product (Sarasin ValueSar Equity<sup>12</sup>, created 1999), a mixed fund (Sarasin OekoSar Portfolio, created 1994) and a pure obligations funds (Sarasin Sustainable Bond Euro, created 2003).

Specially tailored to institutional clients from Germany are one balanced and one bond fund. Our subsidiary Sarasin Expertise manages two share funds for French investors.

A total of five sustainable partial assets are available for the recognized professional provisions/pension funds in Switzerland with various orientations/alignments (SAST Sustainability).

In 2004, Sarasin Sustainable Investment undertook the advisory position for three funds belonging to other service providers (Own-Label Funds) according to the criteria of sustainability. At the end of 2004, we also took on the advisory position for a sustainability holding fund.

<sup>10</sup> Some of the results of our sustainability research is made available to the public, with an understandable delay. This is especially true for our studies concerning sustainability themes (see [www.sarasin.ch/nachhaltigkeit](http://www.sarasin.ch/nachhaltigkeit)).

<sup>11</sup> Further information concerning Sarasin Sustainable Investment and our sustainable products can be downloaded from [www.sarasin.ch/nachhaltigkeit](http://www.sarasin.ch/nachhaltigkeit).

<sup>12</sup> These funds have been available to savers in Germany since 2004.



Additionally, we manage client-specific asset mandates for institutional and private investors under sustainability criteria.

New Energies Invest Ltd is a share company founded by Bank Sarasin. It puts capital (Private Equity) at

enterprises' disposal, which aren't listed on the stock exchange and which are active in the field of renewable energy.<sup>13</sup>

The following table shows our range of sustainable products and services:

Sarasin Sustainable Investment		
<p><b>Sarasin Funds</b></p> <ul style="list-style-type: none"> <li>■ Sarasin OekoSar Portfolio</li> <li>■ Sarasin ValueSar Equity</li> <li>■ Sarasin Sustainable Bond Euro</li> <li>■ One balanced fund for German Institutional clients</li> <li>■ One bond fund for German Institutional clients</li> <li>■ Two equity funds for French clients</li> </ul>	<p><b>Sarasin Investment Foundation</b></p> <ul style="list-style-type: none"> <li>■ BVG Nachhaltigkeit</li> <li>■ Sustainable Equities CH</li> <li>■ Sustainable Equities World ex. CH</li> <li>■ Sustainable Bonds CHF</li> <li>■ Sustainable Bonds International ex. CHF</li> </ul>	<p><b>Own-Label Funds</b></p> <ul style="list-style-type: none"> <li>■ One Luxemburg equity fund</li> <li>■ One Luxemburg renewable energy fund</li> <li>■ One Austria equity fund</li> <li>■ One German sustainable holding fund</li> </ul>
<p><b>Managed Accounts and Special funds</b></p> <ul style="list-style-type: none"> <li>■ Shares</li> <li>■ Mixed</li> <li>■ Obligations</li> </ul>	<p><b>Private Equity</b></p> <ul style="list-style-type: none"> <li>■ New Energies Invest Ltd</li> </ul>	<p><b>Advisory and Co-Management</b></p>

Further information sources concerning our sustainable investment products are given in the chapter Communications.

<sup>13</sup> For more detailed information see [www.newenergies.ch](http://www.newenergies.ch).



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### Capital under Sustainable Management

As of 31.12.2004 the Sarasin Group managed assets to the value of CHF 3.086 billion (previous year: CHF 2.019 billion) in accordance with environmental and social criteria. This growth is mainly a result of the take-over of Chiswell Associates Ltd, London, in May 2004. As of 31.12.2004, Sarasin Chiswell managed CHF 1.057 billion in accordance with sustainability aspects. The choice of the company takes place at Sarasin Chiswell primarily under exclusionary criteria. At the end of 2004, the total proportion of Bank Sarasin's sustainably managed assets came to 5.7%

(previous year: 4.2%). According to assets invested under a management mandate (incl. assets invested with in-house funds) the proportion of sustainable assets came to 13.5% (previous year: 10.0%).

Part of the capital of our company's own Pension Fund for Swiss employees is managed according to sustainability criteria. As of 31.12.2004, this was 4.9% (previous year: 5.2%). This drop was a result of portfolio-technical decisions.

### Engagement

Increasingly, institutional investors are using their influence on listed companies to encourage sustainability aspects in such companies. Bank Sarasin's sustainability research is in direct contact with and makes presentations to analysts, thus forging a basis for dialogue with various evaluated companies. In 2004, preparations were made to introduce a further element into the dialogue with these companies at the beginning of 2005. This is concerned with the use of shareholders' rights in the form of active voting for those companies who invested in OekoSar Portfolio and ValueSar Equity. This is fundamentally a collaboration

with Investor Shareholder Services (ISS). ISS takes on the technical side of the voting rights. If environmental resp. social matters are up for voting, the results of our sustainability analysis will set the basis for the vote. With reference to Corporate Governance, ISS analyzes the agenda of the affected General Meeting with respect to conformity to contemporary Corporate Governance practice. Voting practice is oriented to the recommendations from ISS.

Additional to this, we participate in the public initiatives of institutional investors. These activities are described in the chapter Society.

### Internal Ecology

We have utilized various indicators for the purpose of monitoring and evaluation of our ecological performance since 1996. In this current report we have used,

for the first time, the newly introduced standards for financial service providers, «VfU Indicators 2005».



**Overview**

Indicators according to VfU 2005

Indicator	Unit	2004	2003	Change
Total internal energy consumption	MJ/employee	57 357	61 100	- 6.1%
Business travel	km/employee	4 039	4 336	- 6.8%
Paper consumption	kg/employee	150	205	- 26.8%
Water consumption	l/employee	74	77	- 3.9%
Waste	kg/employee	267	285	- 6.3%
Direct and indirect energy consumption	MJ/employee	75 485	81 321	- 7.2%
Greenhouse gas emissions	kg CO <sub>2</sub> equivalent/ employee	2 676	2 858	- 6.4%

■ **Electricity**

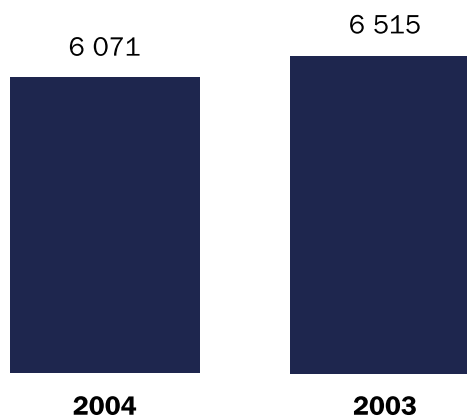
Energy consumption per employee in 2004 fell by 7% in comparison to the previous year. Organisational measures meant that in the Basel and Geneva locations significant economies were made, which more than compensated for the increased consumption in other locations. In Geneva, for example, movement sensors were installed in less frequently used rooms for the control of the lighting.

Approx. 1% of the energy in the Basel headquarters was provided by the photovoltaic system installed on the roof of the building. In the previous year, this was almost 25 000 kWh (in comparison, the annual electricity consumption of a four-person household in Switzerland is approx. 3 500 kWh, source: www.axpo.ch).

Our electricity supplier in Zurich lowered his price for a limited period. The savings thus made were partly

used to purchase certified green energy (naturemade star).

**Electricity consumption: kWh per employee**





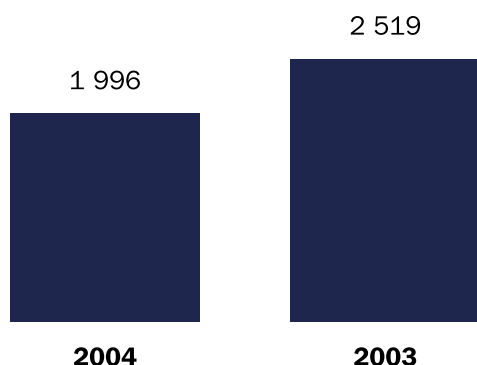
# SARASIN

## ■ Heating Energy

Compared with 2003, the heating energy consumption per employee sank in the report year by a respectable 21%. However, it must be mentioned that the winter of

Heating Degree Days (2004: 2 712, 2003: 2 750), the corrected economy is still close to 20%. This very good result is due to (among other things) the fact that in the Basel headquarters a renovation of the ventilation and cooling system enabled a significantly higher heat recovery and thus a remarkable economy in district heating. Further, it is very positive that the heating energy consumption in Luxembourg lies well under the average for our other locations.

Heating consumption: kWh per employee



2003/2004 was somewhat warmer than the previous year. By taking a climate-corrected calculation, that is the used heating energy in ratio to the reference

## ■ Business Travel

Bank Sarasin's, resp. its employees, processes and activities, greatest effect on the environment (emissions and use of resources) can mainly be attributed to business travel (see also chapter environmental burden points). For this reason alone, it is worth paying special attention to business travel. However, it must be admitted that with respect to such travel, there are certain special considerations involved which made our aims (e.g. the general aim to cause fewer emissions) especially difficult:

The calculation of the indicator is not as clear-cut as it first appears: clear-cut expenses forms – which can be evaluated to obtain the total number of travelled kilometres – are not available for all travel routes and journeys. The use of a leased automobile or an SBB General Abonnement as part of an employee's salary means that we are forced to rely on the rough estimate of the person concerned to obtain an idea of the business kilometres. Additionally, the calculation of flight kilometres is not quite as easy as it may first appear; circling before landing is not uncommon, and deviation from the usual flight plans for political or meteorological reasons are almost daily occurrences. All this makes it difficult to calculate exact data. Additionally, long-haul flights<sup>14</sup> can actually be made up of a mixture of both short- and long-haul flights, especially when no direct flight to the destination is possible.

Based on these and other results, our conclusions are as follows:

### What are Heating Degree Days?

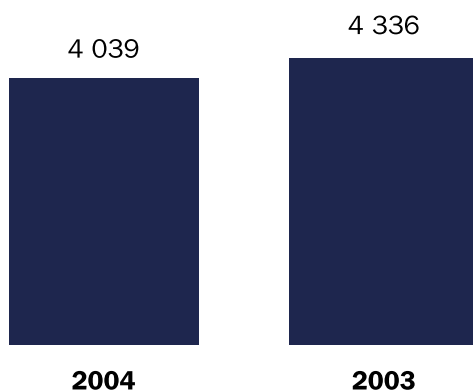
That low outside temperatures mean rooms require more heat than when the outside temperatures are higher, in order to reach a defined room temperature, is revealing. To compare the heating energy requirements of different cold heating periods, so-called Heating Degree Days are used. In Switzerland, the following definition is accepted: on days when the outside temperature is lower than 12°C, the sum of the difference between 20°C (the targeted realistic inside temperature) and the day's average temperature results in the number of Heating Degree Days. If all such days are totalled during a year, then it is possible to make a climate correction for the respective heating energy.

<sup>14</sup> The difference between long- and short-haul flights is necessary, because short distances (according to VfU 2005, up to 500 km) have a greater effect from the take-off phase. Fuel consumption as well as emissions are greater for short-haul flights per km than long-haul flights, and therefore more harmful.



In order to achieve the maximum limitation of business trips, all Bank Sarasin locations involved in environmental management have been equipped with video-conferencing equipment. Realistically, it must be acknowledged that, despite our best efforts, in future as at the moment, global players will travel more on business than a purely local firm (just as the paperless office also remains an illusion!).

**Business travel: km per employee**



The norm VfU 2005 indicator calculation leaves the user with such a lot of latitude in the method of calculation that the values for business travel among different banks cannot really be compared.

We compare business travel in the report period with that of the previous year, but decline to comment or interpret, with reference to the above-mentioned facts, i.e. limited data quality.

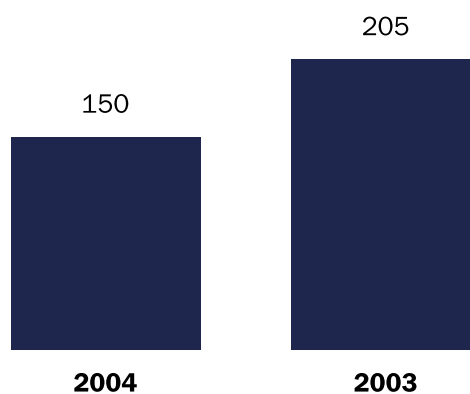
Based on the methods of calculation used in this report, values should be calculated which can be used for comparison within the system during the report period. Improvements within the area of business travel will always be quantitative and not qualitative: we will try to use the most ecologically favourable means of transport for business travel.

■ **Paper**

Paper consumption per employee could be decreased by more than one quarter in the report year. This is most satisfactory and reflects the employees' care with this resource (e.g. improved printing management, sending of the business report on request only, increased use of electronic forms and reports). However, it shouldn't be forgotten that the introduction of the new bank software 2003 caused considerable paper usage (text print-outs, erroneous print-outs). The exclusion of this increased consumption certainly improved the results but did not point to laudable behaviour on our part.

It is regrettable that the proportion of recycled paper in relation to total paper consumption could not be increased as planned. It has, unfortunately, fallen in comparison to the previous year (2004: 19.4%, 2003: 26.4%). Negatively, it must be said that neither in London nor in Luxembourg, in contrast to Switzerland, we use recycled paper. However, we are considering various measures for improvement.

**Paper consumption: kg per employee**





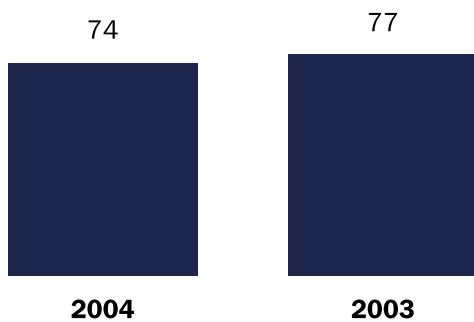
# SARASIN

## Water

Compared to the previous year, water consumption has dropped by a good 3.5%. The change is too small to attribute to definite measures. Factors not under human control have a significant influence on water consumption. A hot summer meant that in Basel, for example,

that the proportion of burnable waste to that which could be (but often is not) recycled has decreased in favour of the latter. This is mainly due to the fact that in London recyclable and non-recyclable waste is not separately collected and disposed of. Appropriate measures are being reviewed.

**Water consumption: litres per employee**

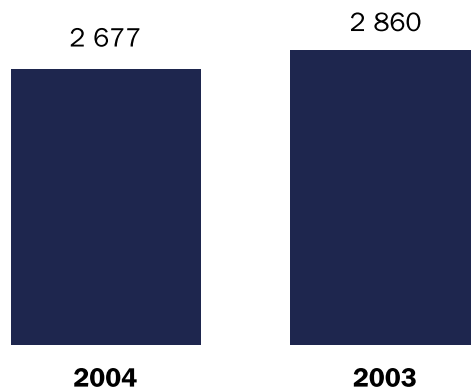


the lawns outside two buildings needed to be watered more often. That this required the use of potable water shows that there is potential for improvement (at least in the long-term. With constructional alterations, it should be possible to use non-potable water).

## CO<sub>2</sub>

The success of our efforts for energy economies is also to be noted in the CO<sub>2</sub> emissions. Compared to the previous year, these fell by almost 6.5%. The agreement made with the government within the framework of our membership in the EnAW (see chapter Collaboration in Initiative for the Encouragement of Sustainability) concerning a lowering of CO<sub>2</sub> emissions and an increase in energy efficiency was met fully.

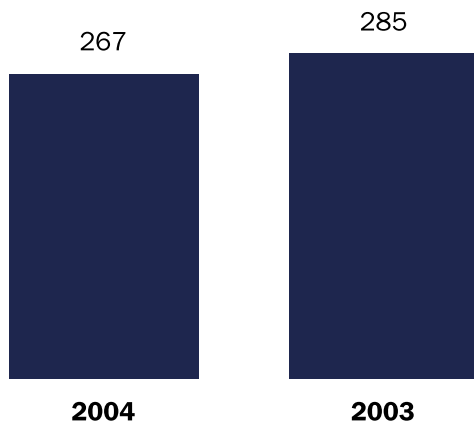
**CO<sub>2</sub> equivalents per employee**



## Waste

The quantity of waste per employee has decreased by about 6%. Disappointing, however, is the observation

**Waste: kg per employee**





**What are CO<sub>2</sub> equivalents?**

Greenhouse gases (e.g. carbon dioxide, methane, nitrogen oxide) have differently sized potentials with relation to the increase of global warming («global warming potential»). Methane, for example, has 21 times the effect on the climate as carbon dioxide, i.e. the emissions from 1 kg methane have the same effect as 21 kg of carbon dioxide (CO<sub>2</sub>). The usual units for the greenhouse effect are the carbon dioxide equivalents. As the name indicates, carbon dioxide is used as a reference respectively as a unit of the heating potential. 1 kg methane corresponds thus to 21 kg CO<sub>2</sub> equivalents.

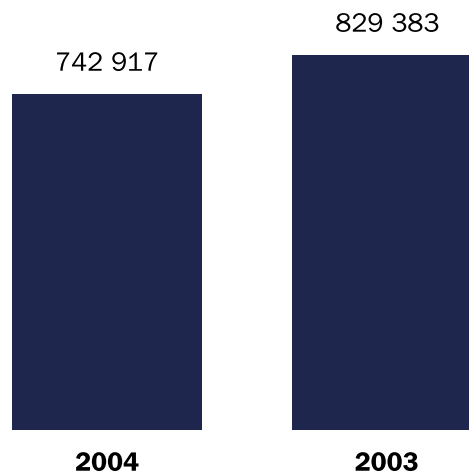
**Environmental Impact Points**

In comparison to 2003, the total number of environmental impact points has decreased by almost 10.5% (see box). As with «direct and indirect energy consumption», this indicator shows that environmental performance of Bank Sarasin improves positively in relation to the number of employees.

**What are environmental impact points?**

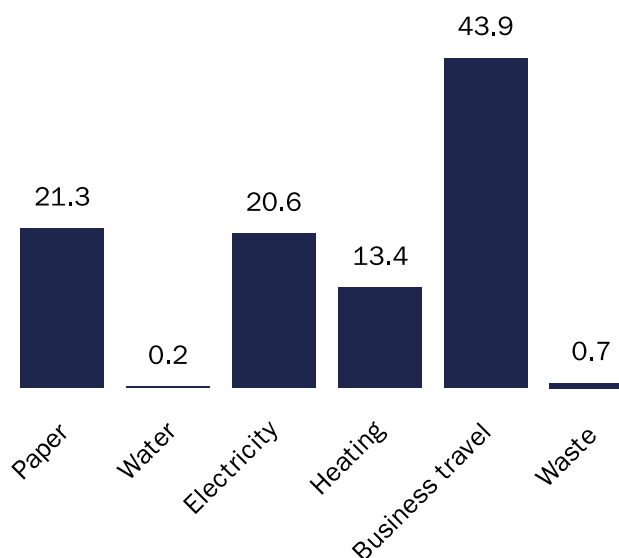
Environmental impact points are a measure for the environmental relevancy of various emissions and the use of resources. Independently of their various units of measurement, such as kg, kWh, etc., these are compared directly with one another. Base for environmental impact points is the method of ecological shortage (BUWAL 1998), which defines the weighting of the environmental effects. This defines the environmental effects in relation to the environmental political aims as maximum possible impact (in respect to the ecosystem).

**Environmental impact points per employee**



A comparison of the various environmental influences shows that business travel has the greatest environmental relevance. Also important, each with a fifth of the total environmental performance, are paper and electricity consumption. The conclusion is simple: the main weight in our ecological efforts (as before) must remain with activities with a high relevance to the environment.

**Environmental impact of the various resource consumption (values in %)**





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## Communications

Bank Sarasin & Co. Ltd informs shareholders, employees, clients and the public simultaneously, completely and regularly. In this way, we guarantee the equal treatment of all our partners. Through institutionalization and attention to contacts, and by building up and maintaining a basis of trust in the financial world on

the one hand, to the media and to all other interested parties on the other, a guarantee of opportunity and transparency can be made.

In connection with social and environmental aspects, the following information sources should be mentioned.

### Communication with Our Clients

Information about our products is disseminated mainly via personal advisory discussions, client events, brochures, flyers and advertisements. Product information is also available on our Internet site [www.sarasin.ch](http://www.sarasin.ch). For clients with special interest in sustainability and sustainable asset management, there is a wide range of information:

■ We have set up a subject area on the Internet under [www.sarasin.ch/nachhaltigkeit](http://www.sarasin.ch/nachhaltigkeit) for our sustainable products.

■ In September 2003, the European Sustainable and Responsible Investment Forum (Eurosif), the European Union of Interested Parties regarding sustainable investments, developed transparency guidelines for funds open to the general public. The extensive catalogue of questions and answers should enable all interested private investors to obtain a clear and complete picture of sustainable investment funds.<sup>15</sup> The guidelines give information about the funds in addition to the indicators over such aspects as investment criteria, voting policies as well as evaluation and realization of sustainability research. Thus, for the investor it should be possible to determine which criteria and information sources have been used in the choice of shares resp. loans for the funds. Bank Sarasin was one of the first providers in Europe to declare itself prepared to publish information about its sustainable funds in accordance with the Eurosif Transparency guidelines. The details are on the Internet site [www.sarasin.ch/nachhaltigkeit](http://www.sarasin.ch/nachhaltigkeit).

■ The newsletter, SarStainable, informs our clients about our sustainable products, and about our sustain-

ability research. SarStainable appears quarterly and is – with a little delay – available on our Internet site [www.sarasin.ch/nachhaltigkeit](http://www.sarasin.ch/nachhaltigkeit) for all interested parties.

■ For our institutional clients, we prepare the quarterly published Sustainability Research Review. This contains, among other things, short reports about sustainability trends, methods of sustainability research and a summary of new sustainability ratings respectively changes in the ratings.

■ We also make (some of) the results of our sustainability research available to the general public: In 2004, we presented our annual analysis and prognosis on the development of the global solar energy market for the sixth time.<sup>16</sup> In 2004, we also published studies on the following themes;

- «Sustainability of Sovereign Bonds? Approach and Results of Sarasin's Country Evaluation».
- «Will Medicinal Biotechnology sustain its Promise? Delivering on Potential – to Patients, Investors and Society»
- «Corporate Social Responsibility – Issues of the Media Industry»

All studies – also those from previous years – are available in the Internet under [www.sarasin.ch/nachhaltigkeit](http://www.sarasin.ch/nachhaltigkeit).

■ • In order to make the market for sustainable investment funds more transparent, we support the website [www.nachhaltiges-investment.org](http://www.nachhaltiges-investment.org). Interested investors will find current information on all available investment funds in the German-speaking area.

<sup>15</sup> The German version of the transparency guidelines can be seen on the Internet site of the Forum Nachhaltige Geldanlagen ([www.forum-ng.de](http://www.forum-ng.de)). The English version is available under [www.eurosif.org](http://www.eurosif.org).

<sup>16</sup> «Solar energy – overcast or clear? Current and future outlooks for photovoltaic and solar heat.»



### Communication with Our Employees

On entering the firm, employees in Switzerland are informed in central introductory events about our model, Sarasin key values as the core of our corporate identity, the employee regulations SaraRules, environmental and social policies, relevant legal and regulatory requirements as well as the security regulations. Information on these themes is also available in the Intranet. Current information about innovations and events in Bank Sarasin is given via the Intranet as well as within the framework of information events. The employee paper «s Bäumli» appears two to three times a year and informs about excursions, sport and art, as well as bank-related themes and staff news.

Following the evaluation of the employee survey, workshops to discuss the results took place in the Swiss locations.

The regulations, laws and guidelines under which banking business stands are clarified for the employees in training courses and instructions for operative activities. All directives are also available on the Intranet. Bank Sarasin's Intranet informs employees about sustainability in their own area, including environmental and social targets, the measures planned for the current year and the sustainability ratings of the bank. Additionally, background information and useful links are given.

### Communication with Our Shareholders and the Public

The most important source of information for our shareholders, analysts and the interested public are the Annual Report, the Sustainability Report, the half-yearly report, press and financial analysts' conference as well as the AGM. We also give detailed information about all important projects and initiatives via the Internet as well as in shareholders' letters and the media.

The annual and half-yearly reports as well as the Sustainability Report can also be viewed on our Internet site [www.sarasin.ch](http://www.sarasin.ch) under «About Sarasin». This also includes the bank's basic values, our models, as well as the statutes.

In 2004, the slogan «Responsibly yours», which builds the core of our business identity, was developed and implemented. Responsibly yours is the standard for our daily activities. The new slogan was presented to the public in September 2004 via an image campaign using advertisements in the Swiss media.

Part of our communication policy is also our treatment of crisis communications. In harmony with our slogan «Responsibly yours», we wish to meet crisis situations quickly and head-on. We aim for open internal and external communication, one which seeks to persuade with facts and does not hide essential information.

Our studies on sustainability themes (see above) are available to all interested parties. In the framework of congresses, through participation in associations and in branch initiatives, we take an active part in dialogues concerning sustainability concerns (see chapter Society).

Contact persons for the themes Investor Relations, Media Relations, Sustainability Policy and Management, sustainable products, personnel matters as well as environmental management are given in the section Contact Partners.



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## Outlook

- From the previous year's employee survey, as well as the consequential workshops, potential for improvement were found, and plans/measures for improvement were defined. In 2006, another survey will take place.
- In 2005, management training within the framework of the new Management Development concept will be encouraged/pushed.
- In future, training courses connected to professional paths must be completed by passing a final examination.
- Employee awareness for environmental concerns must be increased. Additionally, employees should be more involved in environmental management. With this in mind, we plan (among other things) an annual prize for the best employee suggestion which leads to a real ecological – and ideally also economic – improvement.
- In Geneva, an air conditioning system was replaced at the beginning of 2005.
- The energy consumption concept for our Swiss locations needs to be reviewed.
- The creation of a guideline for environmentally aware behaviour in the workplace is planned.
- In order to check the realization of the bank's sustainability policy targets, the Sustainability Committee will provide an annual report for the GEB from 2005 on.
- Through the introduction of the new software for personnel management, in this report year 2005 detailed staff indicators are available.
- Feedbacks on this Sustainability Report will be used for improvements.



## About This Report

This report is directed at clients, employees and shareholders of the Bank Sarasin, as well as analysts and the interested public. Our Sustainability Reporting is influenced by the following principles: relevancy, ex-

actitude, factually correct boundaries, completeness within system limitations, comparability in time and with other financial service providers.

### System Limitations

Bank Sarasin's Sustainability Report covers all the Sarasin Group. Sections informing about employee matters concentrate mainly on Swiss locations, as certain measures (e.g. employee survey) were only carried out there, respectively, information for the foreign locations is not available (please see text for information). For our future Sustainability Reports, we aim for a uniform database.

Internal environmental management was extended to include the Luxembourg location in the report year.

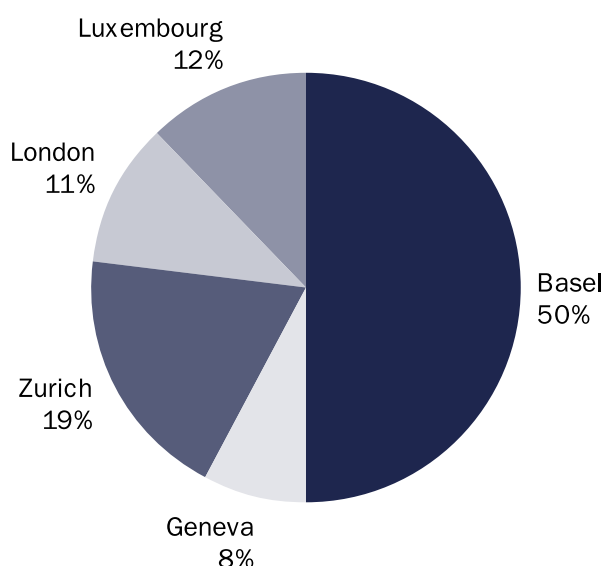
### System Limitations of the Ecobalance

Location	Number of employees	
	2004	2003
Basel	484	473
Geneva	79	87
London	104	59
Luxembourg	120	-
Zurich	182	173
Total	968	792

\* adjusted for PT employees, as of 31.12.

### Location Influence on the System

(according to the number of employees 2004)



Thus, 84% of the workforce (2003: 71%) has been taken into consideration. All internal ecological indicators refer to the locations in Basel, Geneva, London, Luxembourg and Zurich.

The locations taken over in 2002 – Hong Kong and Singapore – were not taken into consideration. These locations will be taken into our environmental reporting in stages. The Lugano subsidiary and the subsidiaries in Guernsey, Munich and Paris are also not included and, due to their relatively small sizes, will in future also be excluded from the environment report. The subsidiary founded in 2005 in Dubai will also be treated momentarily in the same manner.



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## Calculation of the Environmental Indicators

### ■ VfU Indicators 2005 (VfU 2005)

The calculation of consumption values and environmental indicators is based on the current standard «VfU Indicators 2005» of the Union for Environmental Management in banks, building societies and insurance companies (VfU). The comparability of the data with those of the Environmental Report 2003 is not given, as the latter is based on the 1996 VfU Indicator System.

In order to utilize the indicators of the report year in comparison with the corresponding performance of the previous year, the values for 2003 have been recalculated according to VfU 2005.

When making comparisons, it must be taken into consideration that the system boundaries in 2004 have been extended (inclusion of Luxembourg) and thus the environmental performance of the entire system has been more strongly influenced by foreign locations than previously.

This has had a negative effect on certain indicators (e.g. recycled-paper quota).

### ■ Software for internal environmental auditing («SoFi»):

At the end of 2004, Bank Sarasin purchased a software for internal environmental auditing («SoFi»). This is a program developed for the financial service sector based on the VfU Indicator System. Then emissions factors according to VfU 2005, available since March 2005, were integrated on our own initiative, so that Bank Sarasin is one of the first to use «SoFi» in combination with calculation regulations/instructions in accordance with VfU 2005.

Corresponding to our requirements, the software used was extended to include a module for the calculation of the environmental impact points (based on the method of ecological scarcity, see BUWAL 1998).

**Data Sources and Quality**

Indicator	Data source	Data quality <sup>17</sup>
Business indicators	Sarasin Business Report 2004	3
Indicators of sustainable products	Business Report Institutional Banking, Business Report 2004	3
Personnel indicators	Business Report 2004, HR department	3
Electricity consumption	Electricity meters, bills from electricity supplier	3
Heating requirements	District heating meter, energy bills from energy suppliers	3
Water consumption	Water meters, water bills from water suppliers	3/2 *
Paper consumption and proportion of recycled paper	Purchasing dept., printing bills, individual estimates	2 **
Waste quantity and recycling proportion	Bills from the disposal companies, individual estimates	2/3
Business travel	Expenses and individual estimates (cars), evaluations from the travel agencies (flights), individual estimates (rail travel)	1 ***
CO <sub>2</sub> emissions	Calculations according to VfU 2005	2
Environmental impact points	Calculation in accordance with BUWAL 1998, PE Europe GmbH (SoFi)	2

<sup>17</sup> Data quality was evaluated according to VfU 2005 as follows:

- 3 Data based on exact calculations, e.g. bills, meter values
- 2 Data based on extrapolations or exact estimates
- 1 Data based on rough estimates
- 0 No data available/not calculated

\* At some locations resp. a few properties, the following limitations must be noted: due to a lack of individual water meters the values for water consumption which are attributable to more than one tenant must be assumed, as they are based on a supposition (i.e. on the surface energy consumption resp. the number of employees).

\*\* The period for the calculation of paper consumption deviates from the report period (1.1.2004 – 31.12.2004) in the case of copy paper, envelopes as well as letter paper (1.8.2004 – 15.4.2005). According to VfU 2005, this is acceptable if (as is the case) the values are adapted correctly for the 12-month period. The values so calculated are guaranteed free of distortion/falsification since annual deviations can be excluded.

\*\*\* For the Geneva location, it was possible to calculate the values for air as well as rail travel exactly, due to expenses forms (time period 1.1.2005 – 15.4.2005). For the Basel location, the air travel data from the previous year was used to extrapolate the necessary data.



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## Assurance Report

Independent Assurance Report to the General Executive Board of Bank Sarasin & Co. Ltd, Basel, on the Sustainability Report 2004



We have been engaged to provide assurance on the Sustainability Report 2004 of Bank Sarasin & Co. Ltd, Basel, for the year ended 31 December 2004.

We have performed evidence-gathering procedures on (hereafter jointly referred as the «subject matter»):

- The environmental data in the table «Indicators according to VfU 2005» on page 18 of the 2004 Sustainability Report of Bank Sarasin & Co. Ltd;
- The employee data in the table «Employee-related Indicators» on page 10 of the 2004 Sustainability Report of Bank Sarasin & Co. Ltd;
- The internal sustainability reporting guidelines and its application to the sustainability reporting; and
- The management and reporting procedures in relation to the sustainability reporting and the preparation of the environmental and employee data.

We have evaluated the subject matter against the following criteria (the «evaluation criteria») described on pages 26 and 27.

- Industry practices on environmental reporting «VfU Indicators 2005», published by the Association for Environmental Management in Banks, Saving Banks and Insurance Companies in February 2005;
- The defined procedures by which the environmental and social data are prepared, collated and aggregated internally as part of the data management of Bank Sarasin & Co. Ltd; and
- The defined control environment over the accuracy and completeness of the environmental and social data as part of the data management of Bank Sarasin & Co. Ltd.

Bank Sarasin & Co. Ltd is responsible for both, the subject matter and the evaluation criteria. Our responsibil-

ity is to report on the internal reporting processes and data 2004 based on our evidence-gathering procedures in accordance with International Framework Standards for Assurance Engagements, approved December 2003 by the International Auditing and Assurance Standards Board (IAASB).

We planned and performed our evidence-gathering procedures to obtain a basis for our conclusions in accordance to the International Standard on Assurance Engagements (ISAE) 3000 «Assurance Engagements other than Audits or Reviews of Historical Information», approved December 2003 by the IAASB. However, we have not performed an audit according to International Standards on Auditing. Accordingly, we do not express such an opinion.

Our statement should be read in conjunction with the inherent limitations of accuracy and completeness for environmental and social data, as well as in connection with the scope of reporting detailed on page 26.

Our evidence-gathering procedures included the following work:

- Visiting the offices of Bank Sarasin & Co. Ltd at the headquarters in Basel and the branch in Geneva;
- Interviewing at the sites visited the responsible staff for data collection and the environmental and social reporting;
- Assessing the internal sustainability reporting guidelines on conformity with the industry practices on environmental reporting «VfU Indicators 2005», published by the Association for Environmental Management in Banks, Saving Banks and Insurance Companies in February 2005;



- Observing, on a sample basis, the application of the internal sustainability reporting guidelines to the sustainability reporting;
- Reviewing the procedures and the documentation by which environmental and social data are prepared, collated and aggregated internally and the control environment over the accuracy and completeness of the data.
- Performing, on a sample basis, specific procedures to review the environmental and social data 2004.

In our opinion:

- The internal sustainability reporting guidelines are in line with the industry principles defined in the “VfU Indicators 2005”;
- The internal sustainability reporting guidelines are applied properly, based on the sampling; and
- The management and reporting procedures in relation to the sustainability reporting and the preparation of the environmental and social data are functioning as designed, in all material respects.

Based on our work described in this report – with the qualifications regarding the auditability and assess-

ability of the business travel data, as described and mentioned on the pages 19 to 20 of the Sustainability Report –, nothing has come to our attention that causes us not to believe that the procedures by which the environmental data in the table “Indicators according to VfU 2005” and the employee data in the table “Employee-related Indicators” were prepared, collated and aggregated are based on established and accepted measurement and analytical methods and give a fair picture of the performance of Bank Sarasin & Co. Ltd in all material respects, based on the evaluation criteria.

PricewaterhouseCoopers AG

Thomas Scheiwiller  
Zurich, 17 May 2005

Markus Nöthiger



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Bank Sarasin is listed in the Kempen SNS Smaller Europe SRI Index.

Kempen SNS Smaller Europe  SRI Index

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SARASIN

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## Literature

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