



SARASIN

ENVIRONMENTAL REPORT
2003



Contents

Foreword by the CEO	3
Key Information at a Glance	4
Bank Sarasin & Co. Ltd – a Company Portrait	6
Environmental Policy and Targets	6
Environmental Management	8
Internal Ecology	8
■ System Boundaries	8
■ Data Collection and Quality	10
■ Energy	11
■ Water	14
■ Paper	15
■ Waste	16
■ Business Travel	18
■ CO ₂ Emissions	19
■ Assessment	20
Product Sustainability	22
Outlook	25
Assurance Report	26
Contacts	27
Literature	27



SARASIN

Foreword by the CEO

«Our actions are what really counts in the end.» Rolf Wittendorfer, the chairman of the Bank Sarasin Sustainability Committee founded last year, described the credo of our sustainability philosophy. With the new, company-wide committee, we wish to achieve a complete integration of sustainability aspects in our business practices as well as in the company leadership. Linked to the long-standing tradition of our internal environmental management, the Sustainability Committee first modernized our environmental mission statement of 1997. The first milestone are a new internal environmental policy and concrete, measurable targets up to the year 2006. In order to achieve these targets, the Management has set a plan of measure and thus created boundaries for our environmental management.

The Sustainability Committee is now increasingly concerned with the social dimension of sustainability. Appropriate to the environmental policy, in 2004, an internal social policy will be worked out. In the same year, new initiatives in the social dimension will be implemented.

A future project of the Sustainability Committee will be the development of a coherent Sustainability Reporting procedure, which will take social aspects more into account.

This environmental report 2003 provides information about our internal ecology, and sustainable investment products. In the field of sustainable asset management, our product range was completed by a new bond fund. Increasingly, we are using our influence as an institutional investor to encourage sustainability consciousness in other companies as well. Thus, Bank Sarasin's Sustainability Research is permanently in dialogue with such companies. Additionally, we take part in the group initiatives of other institutional investors in the field of sustainability.

It is widely held that the environmental impact of banking business can be more or less ignored, especially where indirect environmental influences – for example, projects financed through loans – are concerned.

However, if you consider that energy consumption per bank employee is greater than the electricity required in a private household, it is plain that an operational environmental management policy is also a necessity in the services sector. In our attempt to reduce our environmental impact, in 2003, Bank Sarasin undertook not only technical and organizational measures but also engaged in activities aimed at encouraging environmental awareness in our workforce. Our environmental report for 2003 will give you further details.

Peter E. Merian
CEO



“We view sustainability as a key ingredient of a successful business philosophy.”

Peter E. Merian, CEO



Key Information at a Glance

- Bank Sarasin & Co. Ltd is a 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.
- The Board of Directors adopted new guidelines in December 2003, which consider sustainability a crucial component for a successful business philosophy. In 2003, the Sustainability Committee was appointed, a business-wide committee, which is responsible for the company-wide sustainability strategy.
- In the autumn of 2003, Bank Sarasin's management adopted a new environmental policy and simultaneously defined concrete targets up to the year 2006.
- The Environmental Report for 2003 summarizes the results of our internal environmental management and reports on our sustainable investment products. It covers not only our main offices in Basel but also those in Geneva, London and Zurich and thus includes 77% of the workforce.
- In 2003, a great many measures having a direct effect on our environment were carried out; most importantly, on the technical side, the modernization of the building management system in the Basel main offices as well as the complete changeover from tube to flat screen monitors.
- Other completed organizational measures include, among other things, waste paper collection as well as the reorganization of the bicycle slots and the creation of additional bicycle parking facilities at the Basel main offices.
- In order to increase environmental awareness among the workforce in the Basel, Geneva and Zurich locations, «energy weeks» were organized. Additionally, an Intranet page was created, giving advice and tips for an environmentally friendly office, as well as general information about sustainability.
- In environmental management, the eco-controlling was adapted and considerably extended. This enables a more efficient planning for future measures.
- The major part of our environmental impact caused by our business practices was a result of our current energy consumption. Another important factor is air travel, which is responsible for about a quarter of our greenhouse gas emissions.
- Due to a series of exceptional circumstances (among other things, the employment of additional external workforce in connection with the IT platform changeover and heavy use of the air-conditioning system due to extremely high summer temperatures last year), our electricity consumption rose by 10% in comparison to the previous year. Heating energy consumption also rose markedly, due to the unusually cold winter experienced in Switzerland.
- Paper consumption has dropped. Simultaneously, the consumption of recycled paper has also decreased.
- Our recycling quota also fell as a result of the reduction in waste volume produced.
- On the whole, the environmental impact caused by our business practices has remained the same as the previous year.
- Because of the decrease in the size of the workforce, per capita environmental impact per employee rose. Eco-efficiency in relation to value added factors improved.
- In 2003, we extended our range of investment products managed in accordance to ecological and social criteria with bond funds. The sustainable managed assets fell by about 8% to CHF 1.9 billion, due to the loss of an important institutional mandate.
- In October 2003, the asset management companies Kempen Capital Management and SNS Asset Management launched the first sustainability index for medium-sized European companies, the Kempen/SNS Smaller Europe SRI Index. Bank Sarasin was one of 69 companies put onto the index.



SARASIN

VfU Indicators¹

Indicator	Unit*	2002	2003	Target 2004**	Change 2003 vs. 2002
Electricity	kWh/person	5264	6066	5200	+ 15%
Heat	kWh/m ² ESA	64	72	65	+ 13%
Water	l/person	68	71	65	+ 4%
Paper	kg/person	194	192	190	- 1%
Percentage of recycled paper	%	35	26	40	- 26%
Waste	kg/person	228	229	230	0%
Recycling percentage	%	68	65	70	- 4%
Business travel	km/person	3347	3637	-	+ 9%
Road travel percentage	%	9	9	Most environmen- tally friendly form of transport if possible	0%
Rail travel percentage	%	20	19		- 5%
Air travel percentage	%	71	72		+ 1%
CO ₂ emissions from energy and travel	kg/person	2439	2568	2500	+ 5%

* MA = employee, ESA = energy supply areas

** See www.sarasin.ch, category Sarasin environmental management

Environmental Impact Points (EIP)²

Source	Thousand EIPs per employee		Change 2003 vs. 2002
	2002	2003	
Electricity	2526	2739	+ 8%
Heat	150	190	+ 27%
Water	88	99	+ 13%
Paper	221	220	0%
Waste	49	51	+ 4%
Business travel	922	810	- 12%
of which: air travel	707	552	- 22%
Total	3955	4109	+ 4%

¹ Indicators in accordance with VfU 1996 (see literature).

² See BUWAL 1998.



Bank Sarasin & Co. Ltd – a Company Portrait

Bank Sarasin & Co. Ltd, founded in 1841 as a trading company, today is one of Switzerland's leading private banks. Our core activities are asset management for both private and institutional clients as well as investment funds. Investment foundations, corporate finance, brokerage and financial analysis complete our range of services. The Sarasin Group – with its main

premises in Basel (Switzerland) – employs over 1100 people. As well as the main offices in Basel, the bank also has branches in Geneva, Lugano and Zurich. Internationally, the Sarasin Group is also well represented with subsidiaries in Germany (Munich), France (Paris), Great Britain (London), Guernsey, Luxembourg, Hong Kong and Singapore. Bank Sarasin & Co. Ltd is listed on the SWX Swiss Stock Exchange.

Key Indicators for Bank Sarasin 2002 and 2003 (consolidated)

Indicator	Unit	2002	2003	Change 2003 vs. 2002
Balance sheet total	CHF mn	8147	7577	– 7%
Net operating profit	CHF mn	401	392	– 2%
Operating expense	CHF mn	93	84	– 10%
Client assets under management	CHF mn	46 434	48 649	+ 5%
Headcount (adjusted for P/T posts)	Number	1281	1110	– 13%

Environmental Policy and Targets

In 1996, the Bank Sarasin signed the UNEP 1996 Declaration by Banks on sustainable development. The following year, we published our first environmental plan. Thus, the Bank Sarasin publicly acknowledged its shared responsibility in developing its business in a manner that is economically and environmentally sustainable.

In August 2003, Bank Sarasin decided to step by step include the already existing internal environmental management into the broader context of sustainability. In the future, sustainability aspects, which not

only include environmental but also social aspects, should be increasingly and completely integrated in the business activity as well as in the company management. As a result, a responsible Sustainability Committee across the company was set up. The first action of this commission was – with the intention of further developing the environmental guidelines of 1997 – to work out a modern environmental policy and new environmental targets.³ Additionally, a catalogue of measures was defined for the achievement of the designated environmental targets.

³ The environmental targets for 2004 to 2006 can be called up at www.sarasin.ch.



SARASIN

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.

The targets for a possible eco-efficiency in banking operations are of a qualitative and quantitative kind, and refer to the time period 2004 to 2006. The targets for 2004 will be compared in this report to the corresponding indicators for business ecology. Resultant deviations between target and performance for 2003 direct our frame of action for the present year.



Environmental Management

Our internal environmental management resources include the post of a central Environmental Manager (50% P/T) at the Basel head office and also environmental officers in our offices in Geneva, London and Zurich. The tasks of the Environmental Manager and the environmental officers include the development of eco-efficient processes, the co-ordination of environmentally relevant measures, the promotion of environmental awareness and environmental reporting. The implementation of environmental measures is overseen by the specialist managers in question, in particular those in Logistics and Building Management Services. The most important spheres of activity in our environmental management are building management, procurement and waste disposal. Our environmental audit is based on location-specific assessments of the VfU performance indicators and the associated fundamental data.

The product sustainability is the responsibility of the Institutional Banking department, integrated into the

Sustainable Investment business. Seven sustainability analysts assess companies, institutions and countries in accordance with ecological and social criteria. The purpose of sustainability research is to select the right stocks for our sustainable asset management. Five portfolio managers, specialized in sustainability, are responsible for constructing the sustainability portfolios. Independent advisory councils, made up of reputable and acknowledged professional specialists, support the Sustainable Investment Team with their know-how.

Our environmental reporting is governed by the following principles: relevancy, accuracy, technically correct delineation, comprehensiveness within system boundaries and comparability over time and with other financial service providers.

For the future, we aim to extend environmental reporting in the direction of a coherent sustainability report. We shall also be placing increased emphasis on the reporting of social aspects.

Internal Ecology

■ System Boundaries

Our internal environmental audit for 2003 includes the premises in Basel, Geneva, Zurich and London. Thus 77% of the workforce is taken into consideration (2002: 69%).

In 2003, the workforce of the Sarasin Group sank by 13% to 1110 employees (full-time equivalent). In locations taken in account in the environmental audit, the workforce fell by 4%. This explains the higher coverage level of the environmental audit even though the spatial coverage remained the same.

The information concerning workforce and coverage does not include temporary resp. external employees

working on our premises. In relation to the introduction of the IT platform «avalog» in 2003, approximately 30 additional external employees were active in the premises in Basel.

Hong Kong, Luxembourg and Singapore (taken over in 2002) were not taken into consideration in the 2003 environmental report. These locations, commencing with Luxembourg, will be successively brought into the environmental audit. We omitted our Lugano branch and the Guernsey, Munich, Paris and Hamburg subsidiaries, due to their comparatively small size; they will not appear in future environmental reports, either.



SARASIN

System Boundaries for the Environmental Report 2003

Location	No. of employees covered*	Energy supply area [m ²]**
Basel	475	16 705
Geneva	89	2410
Zurich	209	5928
London	76	1689
Total	850	26 732

* Average number of employees (full-time equivalents) at year commencement/end

** In accordance with the VfU definition (VfU 1996)

System Boundaries for the Environmental Report 1999 to 2003

Year	Locations covered	No. of employees covered	Total employees	Degree of coverage	Energy supply area [m ²]
1999	Basel, Zurich, London	491	567	87 %	20 462
2000	Basel, Zurich, London	585	711	82 %	20 462
2001	Basel, Zurich, London	701	852	82 %	23 710
2002	Basel, Geneva, Zurich, London	884	1281	69 %	26 669
2003	Basel, Geneva, Zurich, London	850	1110	77 %	26 732



■ Data Collection and Quality

Indicator	Data source	Data quality*
Business performance indicators	Sarasin Annual Report 2003	high
Key indicators for product sustainability	Own calculations	high
No. of employees per location	Human Resources department	high
Energy supply areas	Building management	high
Electricity consumption	Electricity meters, bills from energy providers	high
Heat consumption	District heat meters, bills from energy providers	high
Water consumption	Water meters, bills from water providers	high
Paper consumption and perc. of recycled paper used	Purchasing dept., printers' bills, own estimates	average
Waste volume and percentage recycled	Bills from waste disposal companies, own calculations	average
Business travel	Travel expenses forms and own estimates (road), statements from travel agents (air), own calculations (rail)	average
CO ₂ emissions from energy and travel	Emission factors in accordance with environmental management software	high
Environmental impact points	BUWAL 1998	average

* Criteria for data quality in accordance with VfU 2003

The calculation of the key internal environmental performance indicators was carried out by E2 Management Consulting AG, Zurich.

In the following, we describe our internal environmental audit using the indicators defined in 1996 by the Association for Environmental Management in Banks, Savings Banks and Insurance Companies (VfU). The observations refer to the years 1999 to 2003, in order to illustrate long-term development.

Many of the VfU indicators are based on the number of employees resp. the size of the premises used. We also provide the relevant absolute figures. Over the five-year observation period, these show a marked increase in environmental effects, which reflects the bank's dynamic growth.



SARASIN

■ Energy

■ Electricity

Our electricity consumption has risen steadily over the last five years, and in 2003 came to a total of 5.1 million kWh. In comparison to 1999, this represents an increase of almost 60%. Over the same period, the number of employees covered by our environmental calculations rose by 73%. This reflects not only the bank's dynamic growth, but also the inclusion of the Geneva location in the environmental audit from 2002 onward.

In relation to the number of employees, electricity consumption fell continuously by an average of 7% annually between 1999 and 2002. In 2003, for the first time, we registered an increase in the specific electricity consumption to 6066 kWh/person.⁴ This increase of 15% compared to the previous year has several reasons:

■ In 2003, the number of employees covered by the eco-audit decreased by 4%. However, the effective electricity consumption per capita sank only slightly due to the basic load (for air conditioning, servers, etc.).

■ Simultaneously, in connection with the introduction of a new IT platform, on average approximately 30 external specialists were temporarily occupied by the bank in the Basel main offices. When calculating the per capita indicator, only permanent bank employees were covered, not the external specialists.

■ Also to be noted is the fact that, with the implementation of the new IT platform, a great deal of work had to be carried out outside the usual working hours.

■ The summer of 2003 was extremely hot, which had a commensurate effect on the electricity requirements of the air-conditioning systems.

The sunny weather of 2003 meant that the electricity production of the solar energy panels on the roof of the main offices in Basel increased by 17% in comparison

to the previous year, reaching 27,563 kWh. This is equivalent to 0.9% of the electricity consumption of the Basel main offices.

In 2003, a number of measures were carried out which should reduce our electricity consumption on a long-term basis:

■ On the technical side, the hardware and software for the building management system in the Basel main offices was renewed, which was completed in 2003. This renewal opens new possibilities for electrical savings through additional control options for ventilation, air conditioning, heat and sun blinds. These options will be fully exploited in order to actively economize on electricity consumption. However, the effects will not be felt until the end of 2004.

■ The almost completed changeover to flat-screen monitors also means lasting economies.

■ Employee awareness for environmental matters has been encouraged in the Basel, Zurich and Geneva locations by «energy weeks»⁵. A simultaneously introduced, regularly updated Intranet page concerned with sustainable resources provides, among other things, information concerning energy-saving techniques.

Although these measures countered the increase in per capita electricity consumption somewhat; they could not, however, compensate for the previously mentioned opposing effects.

The management's electricity consumption target for the year 2004 is set at 5,200 kWh per employee. With the rise in consumption during 2003, we have unfortunately not been able to meet this target. Since 2003 was marked by a one-off phenomenon, we are optimistic that in 2004, due to already implemented measures, a noticeable reduction in electricity consumption can be achieved.

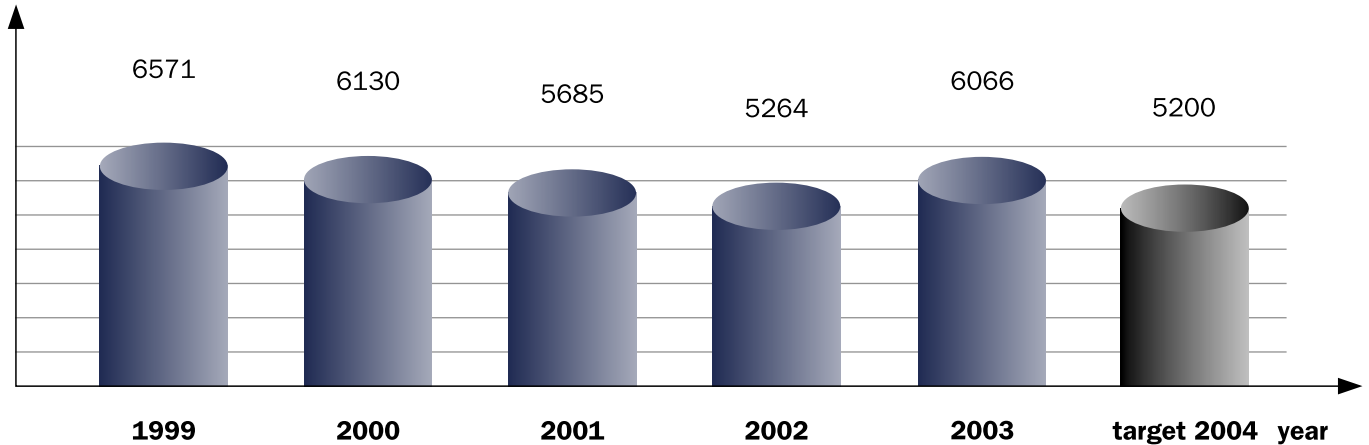
⁴ This is equivalent to the average consumption of four «private» people.

⁵ The reaction of the workforce to the energy weeks was impressively positive. Of those asked, 90% felt that the energy weeks were both sensible and necessary.



Electricity Consumption per Employee

kWh/person



→ Comparing locations, Basel has the highest specific electricity consumption, at 6710 kWh per person. However, at the Geneva office, consumption is only

3747 kWh/person. The differences between locations are primarily due to the different building management systems.

■ Heat

Our heating energy consumption has fluctuated over the years according to the weather. With approximately 1.9 million kWh, it was 14% higher than the previous year. This can be attributed to the comparatively cold winter in Switzerland. In London, heating energy consumption increased by only 2%.

The usual indicator for heating requirements (heat and warm water) is the so-called energy supply area (ESA). In 2003, this was 72 kWh/m², 12% higher than the average of the previous years 1999 to 2002. The target for 2004 is 65 kWh/m².

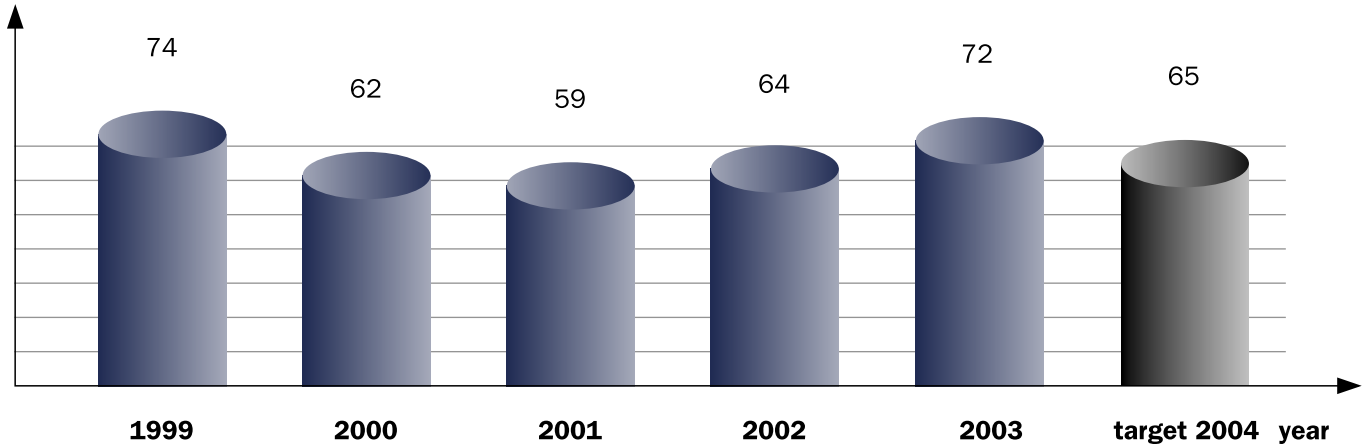
Because heat consumption depends so much on the weather, the best way of identifying trends in eco-efficiency is to consider longer time periods. The average heating energy consumption for the last five years has been 66 kWh/m². The moving average for heating energy over the past three years fell from 72 kWh/m² in 2000 to 65 kWh/m² in 2003.



SARASIN

Heating Energy Consumption per Square Metre

kWh/m² ESA

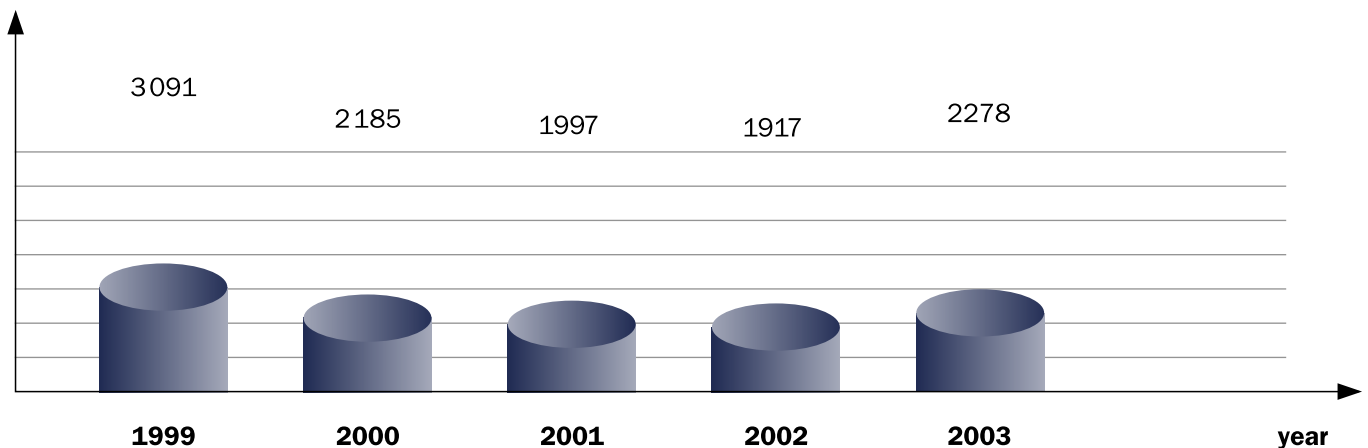


A location comparison shows that the free-standing building in Geneva had the highest heating energy consumption at 170 kWh/m². The lowest values were those of our Basel office, at 58 kWh/m².

→ In terms of the number of employees, the average heating energy consumption was 2278 kWh/person. These values are thus almost exactly the average values for the years 1999 to 2002. We have set no targets for the heating energy consumption per employee.

Heating Energy Consumption per Employee

kWh/person



→ In terms of the number of employees, the Zurich location has the lowest average heating energy consumption, at 1793 kWh/person. The highest figures

(4585 kWh/person) were registered for the Geneva location.



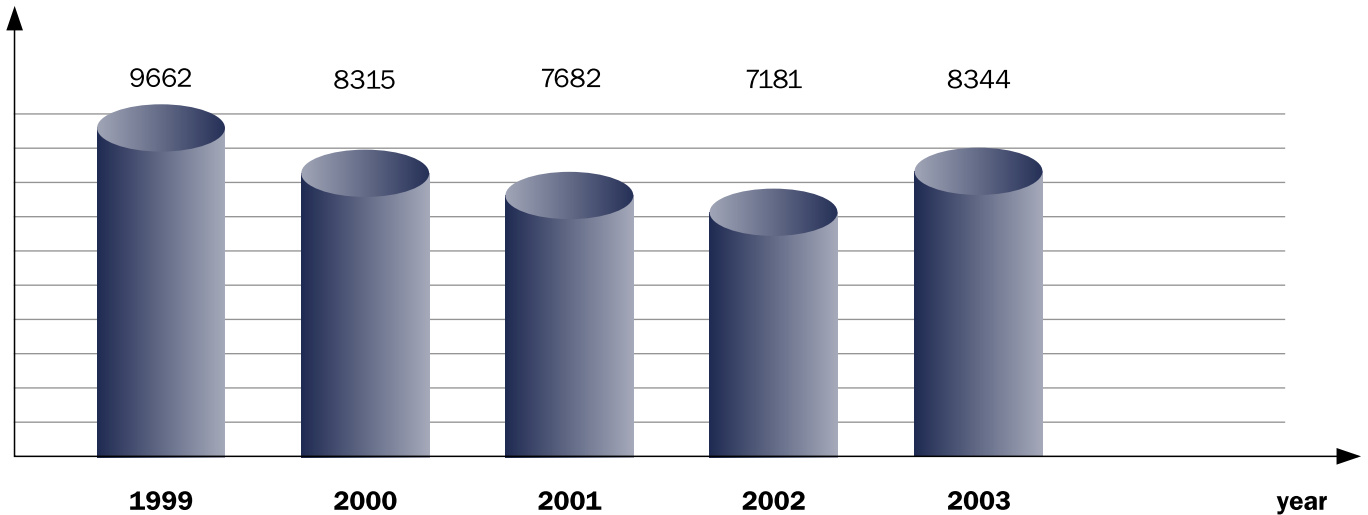
■ Total Energy Consumption (Electricity and Heating)

The total electricity and heating energy consumption came to almost 7.1 million kWh (+49% compared to 1999). In the previous year, electricity and heating energy consumption together totalled 6.4 million kWh.

The specific total energy consumption dropped between 1999 and 2003 by 14% to 8344 kWh per person. We have set no targets for total energy consumption, as targets have been set for electricity and heat energy.

Total Energy Consumption (Electricity and Heat) per Employee

kWh/person



→ The London location had the lowest total energy consumption per employee at 7617 kWh per person.

The highest figures (8751 kWh per person) were registered for the Basel location.

■ Water

The total water consumption of Bank Sarasin is almost 15200 cubic metres (15.2 million litres). Here, we are slightly over the levels of the previous year (15 million litres).

explained by the increased water requirements for the air conditioning systems.

The development of our workforce also has to be taken into consideration when looking at water consumption. On a per capita basis, average consumption of potable water was 71 litres per workday.⁶ This increase of 4% in comparison to the previous year can be partially

For the year 2004, we set a target of 65 litres per person per day. To achieve this, we have planned measures to increase water consumption awareness in our employees.

→ The highest water consumption was registered in the Geneva offices, at 117 litres per person per day.

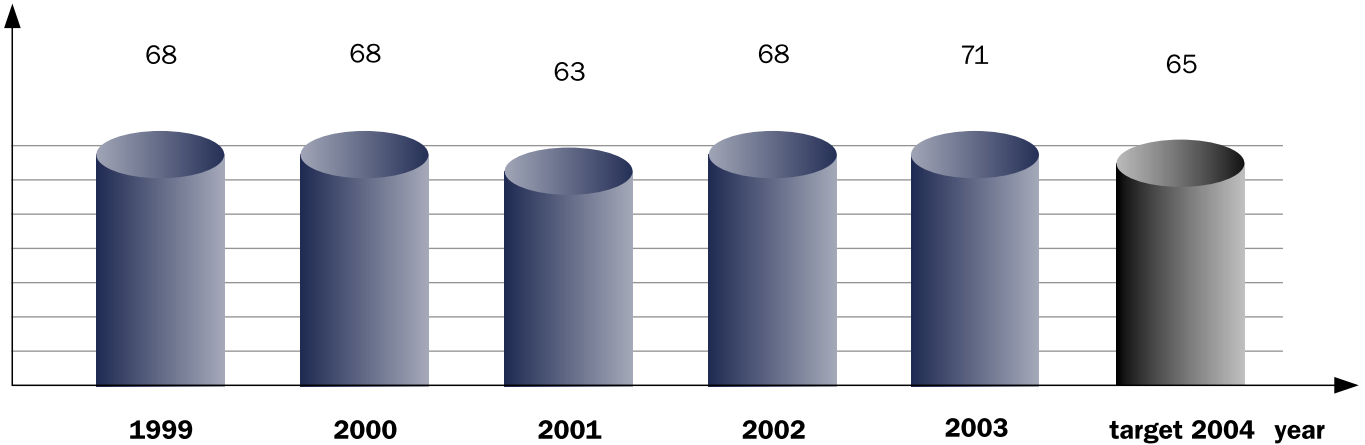
⁶ In comparison: the average water consumption of a private household in Switzerland is 162 l per person and day.



SARASIN

Water Consumption per Employee and Day

litre/person and day



■ Paper

■ Volume

Our paper consumption increased steadily in the years up to 2002. In 2003, for the first time, we noted a decline of 5% to a little more than 164 tons (previous year: 171 t). The greatest proportion of this was printer and copier paper at 37%, followed by publications (22%) and computer lists (18%).

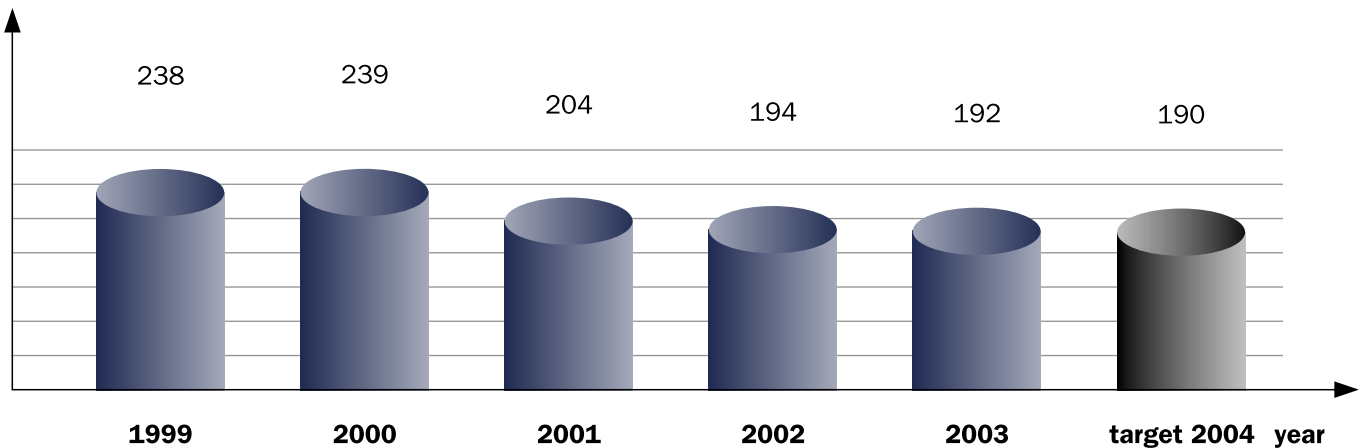
In comparison to the previous year, the relative paper consumption per employee sank to 192 kg. Thus, in

consideration of the introduced measures (e.g. sending business reports only on demand), we consider the target set for 2004 (190 kg per employee) to be within grasp.

→ Comparing the paper consumption for locations is not meaningful, as a lot of our printing is handled centrally in Basel.

Paper Consumption per Employee

kg/person





■ Use of Recycled Paper

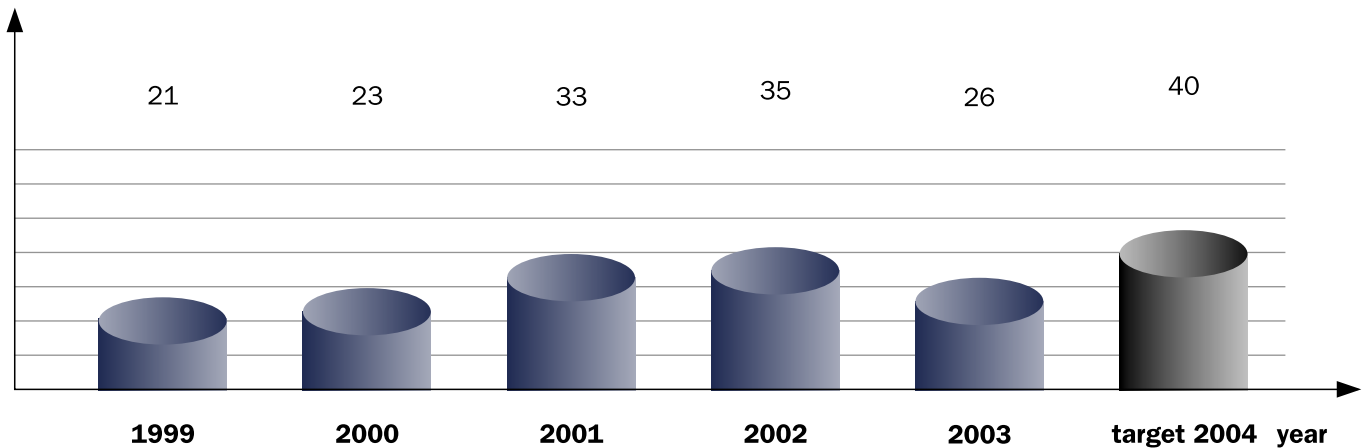
The percentage of recycled paper used dropped markedly in the past year to only 26%. The causes for this undesirable development are diverse and vary from location to location. For example, due to technical reasons, computer lists require paper strengthened with new fibres (chlorine-free bleach). Despite the introduction of counter measures, we will probably not be able to achieve the 2004 target of 40%.

While all the toilet tissue purchased is made of recycled paper, the percentage for publications remains zero. Recycled paper accounts for 36% of the stock for printer and copier paper (2002: 39%).

→ A location comparison for recycled paper is not meaningful, as a large number of the printing processes are handled centrally in Basel.

Recycled Paper Quota

per cent



■ Waste

■ Volume

In 2003, the waste produced was approximately 195 tons (previous year: 201 t). In comparison to 1999, this is an increase of 35%.

various measures, such as the reduction of wastage by improving accuracy in the printing runs as well as the use of electronic forms.

In terms of the number of employees, the average amount of waste was 229 kg per person. Thus, the relative waste volume is only slightly higher than that of the previous year. We expect to achieve the target of 190 kg per person in 2004 with the introduction of

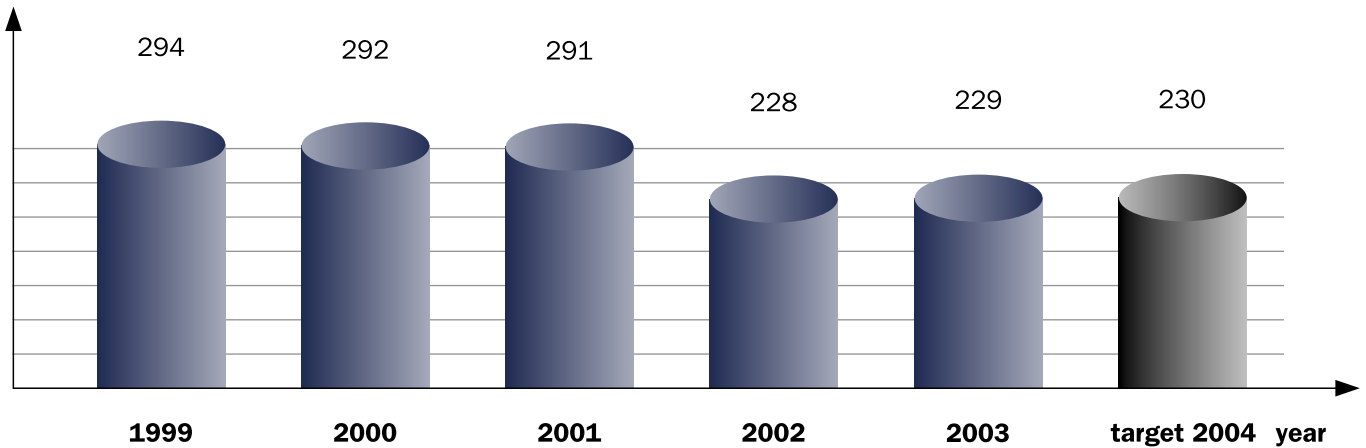
→ Comparing locations, Zurich had the lowest specific waste volume, at 200 kg per person, London the highest, at 251 kg per person.



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Waste Volume per Employee

kg/person



■ Recycling

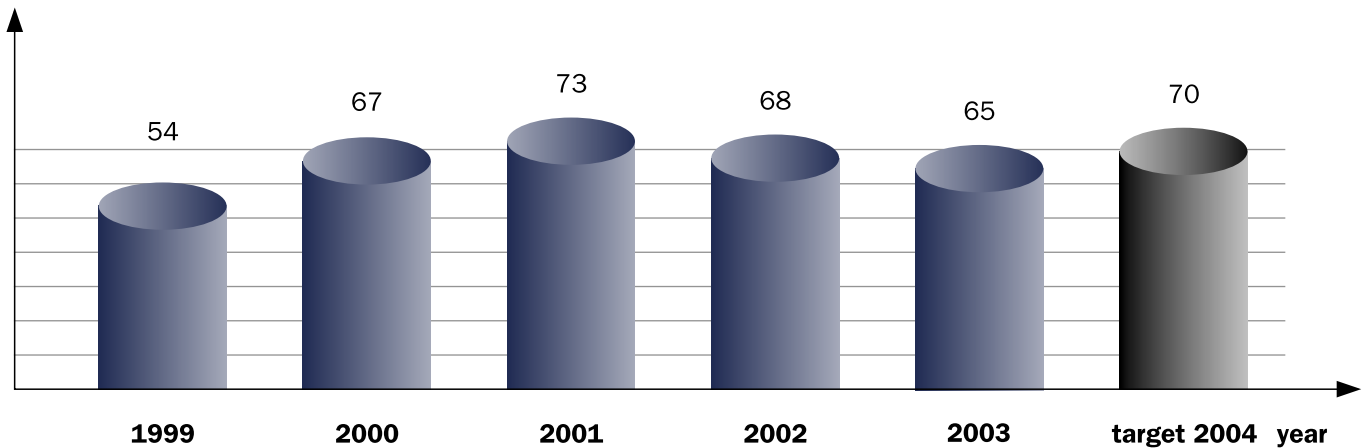
Waste paper represents the greatest percentage of waste, at 61%, equivalent to almost 120 tons. Virtually all the paper was recycled. Other waste, also sent for recycling, included electronic and computer scrap (2.6 tons), as well as glass and PET (1.6 tons each). The total recycling quota came to 65% (2002: 68%). If

paper consumption continues to fall, as expected, the recycling quota will also sink. The recycling target for 2004 is 70%.

→ London has the highest recycling quota, with 94%. Geneva has the lowest, with 47%.

Recycling Quota

per cent





■ **Business Travel**

■ Kilometres travelled

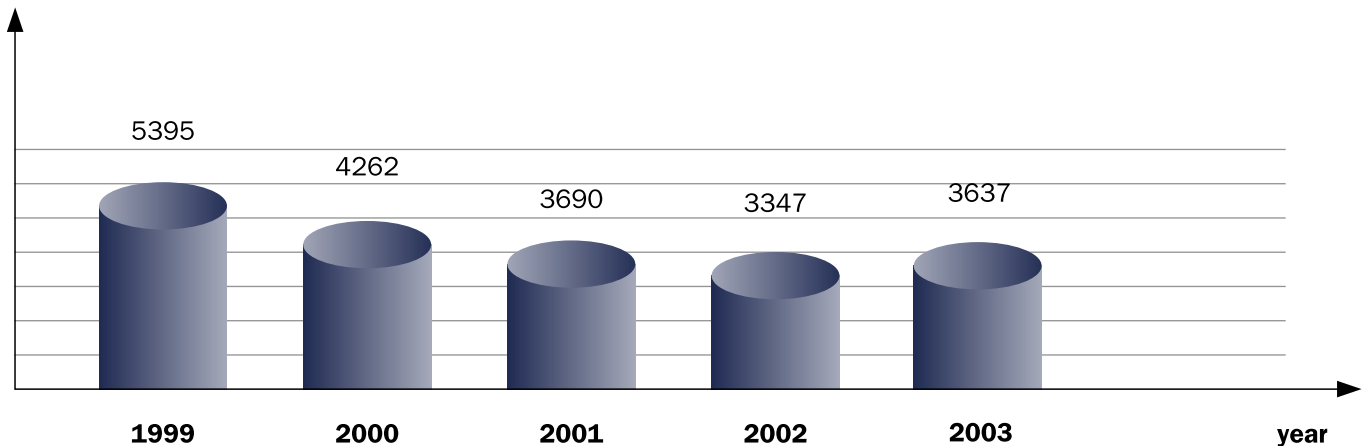
In 2003, employees travelled a total of 3.1 million km on business trips only (daily commuting was not included). This represents an increase of 4% compared to the previous year. A greater increase was probably countered by the enforced use of the video conferencing system. Meanwhile, all Swiss as well as all large foreign locations have been connected to the video-conferencing system.⁷

On average, each employee travelled 3637 km. The environmental plan does not set a quantitative target for business travel.

→ The greatest intensity of business travel was at the Geneva office, with 7,219 km, whereas the lowest was Zurich (2713 km per person).

Distances Travelled in km per Person

km/person



■ **Transport**

In the type of transport chosen for business travel, there was a slight increase in air travel, whereas rail travel fell. The Environmental Plan specifies that the choice of transport should be the most ecologically friendly, considering destination, but does not make other specifications.

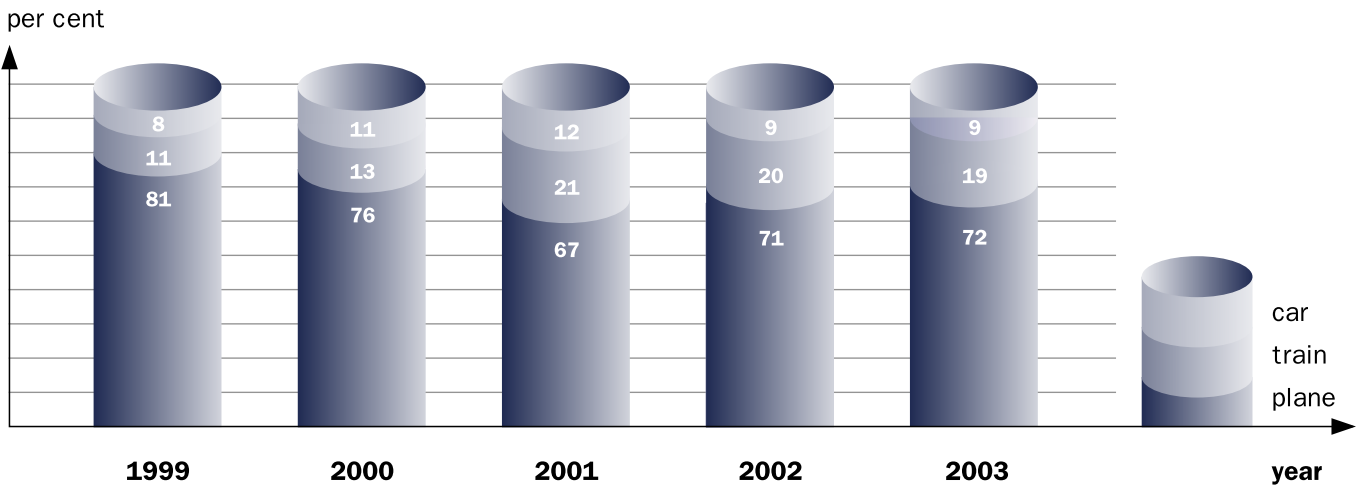
→ The kilometres travelled on long-distance flights were 1.7 million km. This is equivalent to 76% of the flown distances. The notable increase in long-distance flights (40% against 2002) can be attributed to the Asian locations taken over in 2002, whose integration in 2003 required a corresponding amount of travel.

⁷ Alone at the Basel location in the year 2003, almost 500 video conferences were carried out, about 150 of them with our international offices.



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Kilometres Travelled by Different Means of Transport



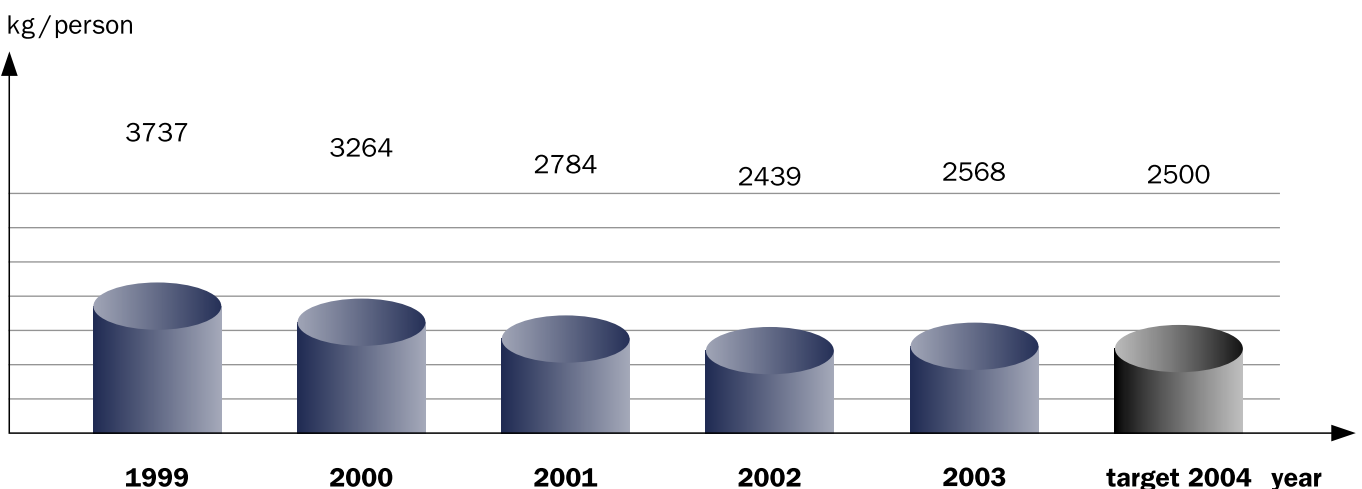
CO₂ Emissions

The CO₂ emissions resulting from our energy consumption and business travel come to 2,183 tons for the year 2003.⁸ 43% were a result of electricity usage, 26% were due to air travel and 19% resulted from heating and warm water consumption. Road and rail travel together added another 6%.

In terms of the number of employees, the CO₂ emissions last year came to an average 2568 kg per person.

Compared to 1999, this represents a decrease of about 31%. The target for 2004 is 2500 kg per person. If we are successful in reducing our electricity consumption according to expectations, then this target is within grasp. A further possibility for reducing CO₂ emissions is the use of electricity from renewable energy sources. At the moment, we are looking into possibilities for the London premises.

CO₂ Emissions from Energy Consumption and Travel per Employee



⁸ Greenhouse gases are given in CO₂ equivalents. To calculate the emissions that result from the generation and distribution of electricity, we took the emission factor of 161 g/kWh for our Swiss locations (power taken from the low-voltage network; electricity generation scenario «CH Import» in accordance with the environmental management system software EMIS 4.0). For the London premises, we used an emission factor of 598 g/kWh of the UCPTTE electricity mix.



→ Comparing locations, Zurich fared best, with 2,004 kg per person. London has the highest values with 4912 kg per person. The much higher than average values for London were the result of, on the one hand, a comparatively higher energy consumption and, on

the other, because electricity generation in England produces far higher CO₂ emissions than Switzerland. If paper, water and waste disposal are also included in the CO₂ audit, total greenhouse gases come to 2,339 tons CO₂ equivalents (or 2751 kg per person).

■ **Assessment**

■ Environmental impact

The best method for assessing the consumption of resources and emissions uses environmental impact points (EIP).⁹ This is based on a weighting system that allows the different environmental impacts to be compared. This enables our environmental management team to set the right priorities for continual improvements.

The calculation of the environmental impact points is based on the concept of ecological scarcity. The eco-factors were derived from the current environmental impacts in Switzerland and the impact thresholds, which result from scientifically formulated targets in Swiss environmental policy.

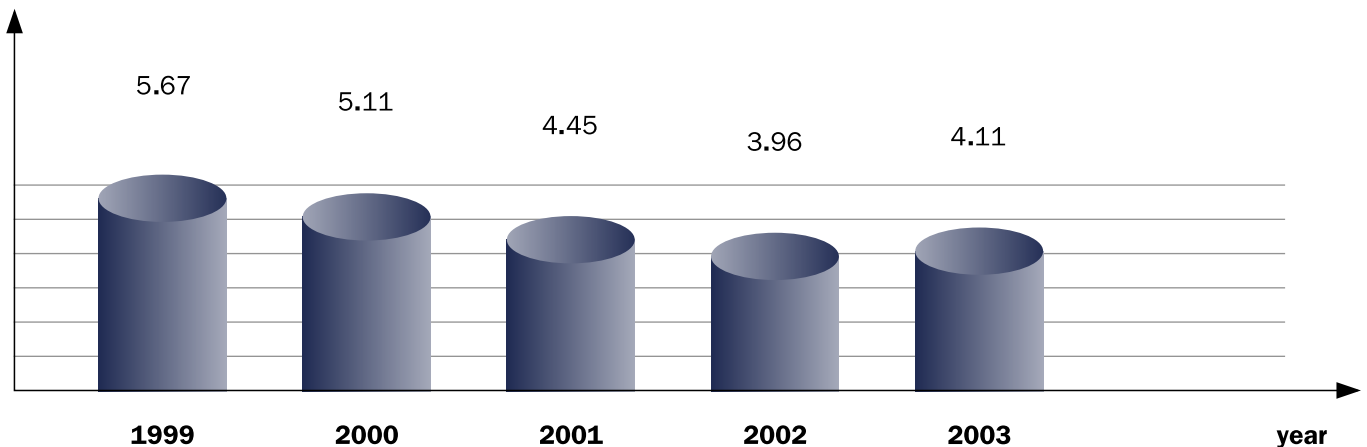
In 2003, total environmental impact came to about 3500 million EIPs and thus remained at the level of the previous year.

The greatest environmental impact resulted from our electricity consumption (67% of the EIP). The impact of heating and warm water is comparatively modest at 5%. This is due to the fact that, in the Basel location, heat recovery is practiced to a great extent. Air travel remained – despite a falling tendency – at 13% (previous year 18%) an important factor. Rail and road transport together came to 6%, paper consumption 5%. The number of EIP per employee came to about 4.1 million. The decline of 28% in comparison to 1999 was mainly due to electricity savings. The Environmental Plan does not specify any target – except for business travel – for environmental impact in terms of EIPs.

→ Comparing locations, Zurich has the lowest figure at 3.5 million EIPs per person; London the highest values with almost 5.4 million EIPs per person.

Environmental Impact per Employee

billion EIP/person



⁹ See BUWAL 1998.



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■ Eco-efficiency

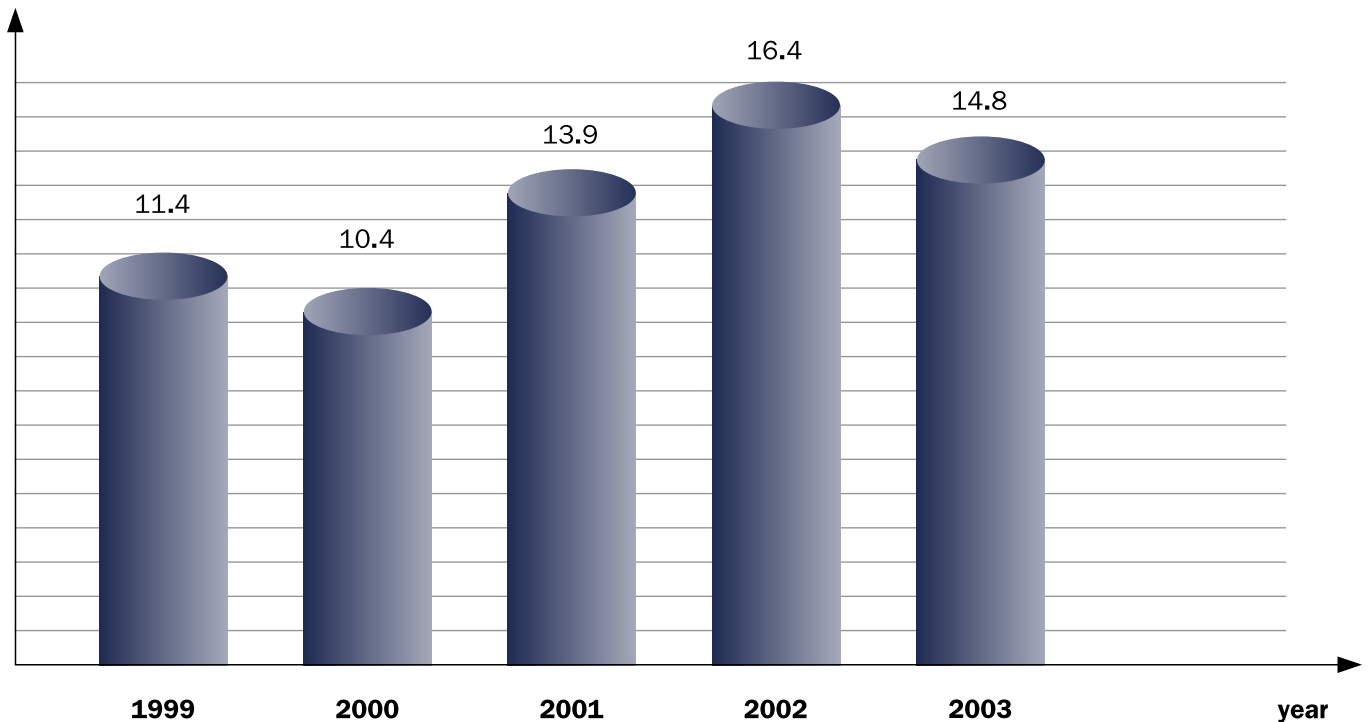
Eco-efficiency is measured as a relationship between environmental impact and productivity. The key measure for productivity is the gross value added (operating income less operating expense).¹⁰

The eco-efficiency indicator 2003 came to 14.8 EIP/CHF. In comparison to 1999, this represents an

increase of 30%. This is a result of two trends: on the one hand, the environmental impact per employee fell between 1999 and 2003 by 27%, on the other hand, the value added created per employee also fell by 44% compared to the peak year 1999.

Eco-efficiency (Environmental Impact with Reference to Value Added)

EIP/CHF



¹⁰ To calculate ecological efficiency, the value added generated by Bank Sarasin is allocated on a pro rata basis to the number of employees covered by the environmental report. Value added per employee came to around CHF 278000 in 2003.



■ Product Sustainability

Bank Sarasin specializes in asset management for private and institutional clients, as well as investment funds. To a lesser extent, we also provide mortgage and Lombard lending and have a team working in Investment Banking.

Sustainability means «to meet the needs of the present without compromising the ability of future generations to meet their own needs» (U.N. World Commission on Environment and Development). Product Sustainability comprises products and services in the asset management and fund business with whose investment decisions this requirement is considered.

Bank Sarasin has been offering asset management in accordance with ecological and social criteria since 1991. Our range of sustainable investment products includes investment funds for private and institutional investors as well as client-specific asset management mandates. At the beginning of 2000, we set up a separate Sustainable Investment department, to collect together our many years of expertise in sustainable asset management. Sustainable Investment comprises of sustainability research and sustainability portfolio management. Sustainability research analyzes branches, companies, institutions and countries according to ecological and social criteria, based on a concept that we have developed ourselves. The results of these analyses, together with classic finance analysis, provide the basis for investment decisions made by the management team specializing in sustainability.¹¹ We consider the independent advisory council of our funds open to the general public an essential element to the contribution of external know-how and quality assurance. This committee comprises of, among others, a lawyer and specialist in consumer protection, a human rights and fair working conditions expert, an economist, an entrepreneur, endowments specialists and a scientific journalist.

As of 31.12.2003, we managed assets to the value of CHF 1.9 billion in accordance with sustainable environ-

mental and social criteria. This represents a decline of about 8% in comparison to the previous year. This fall was due to the loss of an important institutional mandate, which could only partially be made good by the acquisition of other mandates. At the end of 2003, the proportion of mandates managed according to sustainable criteria as a percentage of total assets managed by Bank Sarasin was 3.9% (previous year: 4.2%) and thus remained for all intents and purposes stable. In comparison to the total institutional assets managed by Bank Sarasin (incl. investment funds), the proportion of sustainable asset management came to 15.8%.

Part of the capital from our company pension plan is also managed according to sustainability criteria. As of 31.12.2003, this percentage was 5.2%.

In the period of this report, the range of sustainable investment products was completed by the Sarasin Sustainable Bond Euro. This pure bond product allows the private client interested in sustainable forms to complete his investment needs either through share funds (Sarasin ValueSar Equity, created 1999) or mixed funds (Sarasin OekoSar Portfolio, created 1994). Specially tailored to institutional clients from Germany are one balanced and one bond fund. Our subsidiary Sarasin Expertise manages one sustainable equity fund.

In Switzerland, a total of five sustainable investment forms are available for pension fund investments.

Sarasin Sustainable Investment also manages three funds belonging to other fund providers («Own-Label-Funds») in accordance to sustainability criteria.

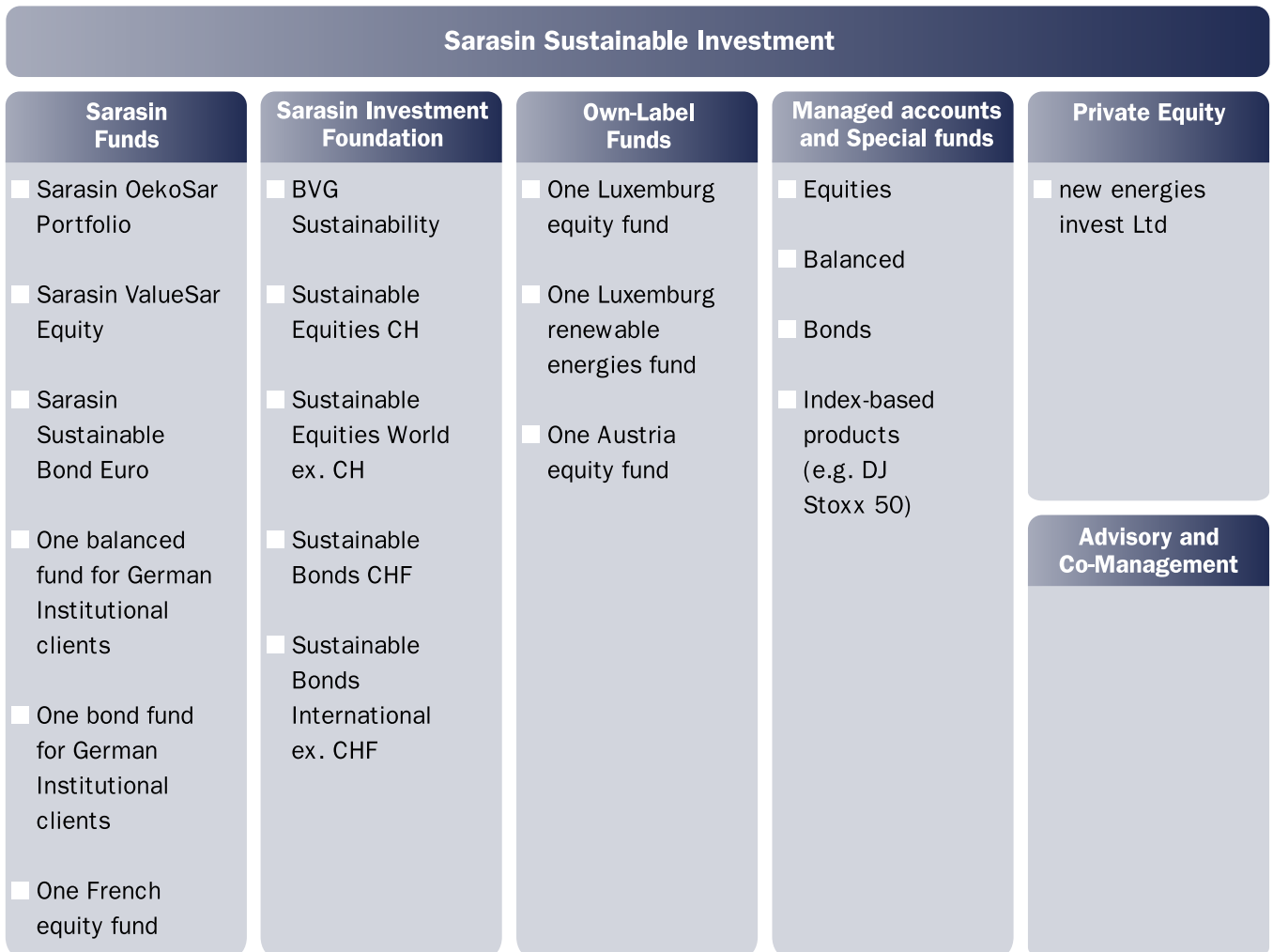
We also manage client-specific asset mandates for institutional and private investors in accordance with sustainability criteria. Additionally, we offer other financial services providers advisory services in connection with sustainable asset management and co-management for sustainable portfolios. The New Energy Invest Ltd, founded by Bank Sarasin, provides

¹⁰ Further information to about Sustainability Research can be called up on www.sarasin.ch/sustainability.



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capital («Private Equity») to companies not listed on the Stock Exchange but active in the field of renewable energy.¹² The following diagram shows the full range of sustainable products and services that we offer:



¹² For further information, see www.newenergies.ch.



In the summer 2003, the European Social Investment forum (Eurosif), with support of the European Commission, published a guideline for the improvement of transparency with sustainable public funds. A goal is to make comprehensive and comparable information about such funds available to the investors. Bank Sarasin belongs to the pilot users and, in the future, informs about its sustainable funds according to the new guideline.

In order to promote the market for sustainable investment funds in the German-speaking area, we support the website www.sustainable-investment.org.

Interested investors can find current information concerning all sustainable investment funds available in Europe.

The newsletter SarStainable has been published for our private clients since March 2003. Here we report about our sustainable products and sustainability research. SarStainable appears quarterly and can be downloaded from our website (albeit with a little delay) by any who are interested.

Since April 2003, the quarterly Sustainability Research Report has been produced, primarily for our institutional clients. The report includes, among other things, short articles about sustainability trends, sustainability research methods and a summary of new sustainability ratings respectively changes in ratings.

We also make some of the results of our sustainability research available to the general public. This year, we have, for the sixth time in a row, published our annual analysis and prognosis for the development of the global solar energy market.¹³ The latest edition looks at electricity generation and, for the first time, heat generation from sunlight (solar thermics).

For further studies look at the themes

- «Assessing the social ecology of companies – Bank Sarasin's criteria for ecological capital investments»
- «On ecological paths – where does the telecommunications branch stand?»
- «Out of the water crisis: can ecologically oriented investors make a contribution?»

All these studies – including those from previous years – can be downloaded from www.sarasin.ch/sustainability.

To an ever-increasing degree, institutional investors are using their influence on listed businesses, in order to encourage sustainability aspects in the companies. The sustainability research of Bank Sarasin continuously encourages dialogue with these businesses. Additionally, we take part in the group initiatives of institutional investors. Thus, in 2003, we joined the Carbon Disclosure Project 2003. This is an initiative of 35 investment funds, banks and insurance companies, who wish to draw attention to the risks and hazards, as well as the opportunities, presented by climate change. In the framework of this initiative, 500 of the world's largest firms are required to disclose their greenhouse gas emissions, and further, to disclose their risk management policies.¹⁴ Additionally, Bank Sarasin signed the Investors' Statement on Transparency in the Extractives Sector. This is an appellation to institutional investors, who represent a total of EUR 2600 billion of managed assets, for more transparency in the matter of raw material extraction in business. This should be considered as an effort in the fight against corruption. Ground-breaking work with the aim of encouraging further initiatives and exercising voting rights in the sustainable Luxembourg Funds has been undertaken.

¹³ «Solar Energy – overcast or clear? Current and future outlooks for photovoltaic and solar heat»

¹⁴ Further information on the Carbon Disclosure Project 2003 and the results of the survey can be called up at www.cdproject.org.



Outlook

- The new guideline introduced in December 2003 by the Bank Sarasin Board of Directors, which was implemented at the beginning of 2004, defines sustainability as an essential component of a successful business philosophy.
 - Bank Sarasin's new environmental policy has also been in effect since the beginning of 2004. At the same time, our environmental targets for the next few years were also defined.
 - We have begun to include the Luxembourg location into our environmental management as a result of our alliance with the Rabobank in 2002.
 - The merger of the existing London unit with the recently acquired asset management business Chiswell Associates Limited will take place by the end of 2004. This will result in a move to other premises.
 - In 2004, we undertook a number of measures for the improvement of our environmental performance:
 - Since 2004, the business report is sent in printed form only on demand.
 - A pilot project, introducing recycled paper for certain uses, was begun.
 - For the London location, in an effort to reduce CO₂ emissions, we are looking into the possibility of eco-electricity.
 - In addition, further various smaller initiatives for the improvement of our environmental performance were introduced.
 - Starting with the environmental report 2004, we want to present our environment indicators in accordance with the new VfU standards (VfU 2003).
 - We are considering the purchase of a new software for the acquisition of data and the calculation of our environmental indicators.
 - It is further planned to extend our reporting concerning sustainability by increasingly including information from workforce survey.
-



Assurance Report

Report on the review of the Environmental Report 2003 of Bank Sarasin & Co. Ltd



To the General Executive Board of Bank Sarasin & Co. Ltd

We have conducted a formal review of the environmental reporting process for the financial year ending 31 December 2003. Our review examined the environmental performance indicators in the table "VfU indicators" on page 5 for the financial year ending 31 December 2003. The Group Executive Board (GEB) of Bank Sarasin & Co. Ltd is responsible for the report, the development and maintenance of the internal reporting process, the data and the performance indicators. Our task was to provide a report on the internal environmental reporting process, environmental data and environmental performance indicators on the basis of our review.

The scope of our review extended to:

- Checking the internal environmental reporting process, especially in relation to accepted industry practice (VfU guidelines),
- Random checks of performance indicators for FY 2003 at the place of consolidation at Basel head office and the branch in Zurich.

Our review included:

- Questioning internal persons responsible for environmental management and reporting,
- Inspecting and random checking of the relevant documentation including business principles, reporting structures and the available documents and systems for recording, analyzing and aggregating environmental information,
- Random checking of evidence for a selection of environmental performance indicators.

There are no generally accepted international standards for the preparation or assurance of environmen-

tal reports. We have therefore based our approach on emerging best practice and the underlying principles within the International Standards on Assurance Engagements (ISAE) 3000, issued December 2003, and standards. We planned and performed our assurance procedures to obtain a reasonable basis for our conclusions. However, we have not performed an audit according to International Standards on Auditing (ISA). 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 data, as well as in connection with the scope of reporting on in the section «System Boundaries» on page 8 of the Environmental Report.

During our review we did not find any evidence to contradict the following statements:

- The environmental reporting of Bank Sarasin & Co. Ltd complies with VfU guidelines,
- the environmental information and performance indicators provide an accurate picture of environmental performance.

PricewaterhouseCoopers AG

Dr. Thomas Scheiwiller
Zurich, 19 July 2004

Markus Nöthiger



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