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Director, Global SRI Equities

**Singapore Values -
Value for Singapore**

**Socially Responsible
Investment**

Monday 8th April 2002

Henderson's SRI Proposition

- Investing in sustainability solutions (Industries of the Future)
- Seeking out leaders in traditional sectors
- Engaging with companies to improve practice
- Screening according to client values and priorities
- Policy dialogue to help shape market conditions

SRI Philosophy

Industries of the Future

- Secular growth driven by sustainability issues



SRI leaders in traditional sectors

- PER expansion relative to peers over the long term



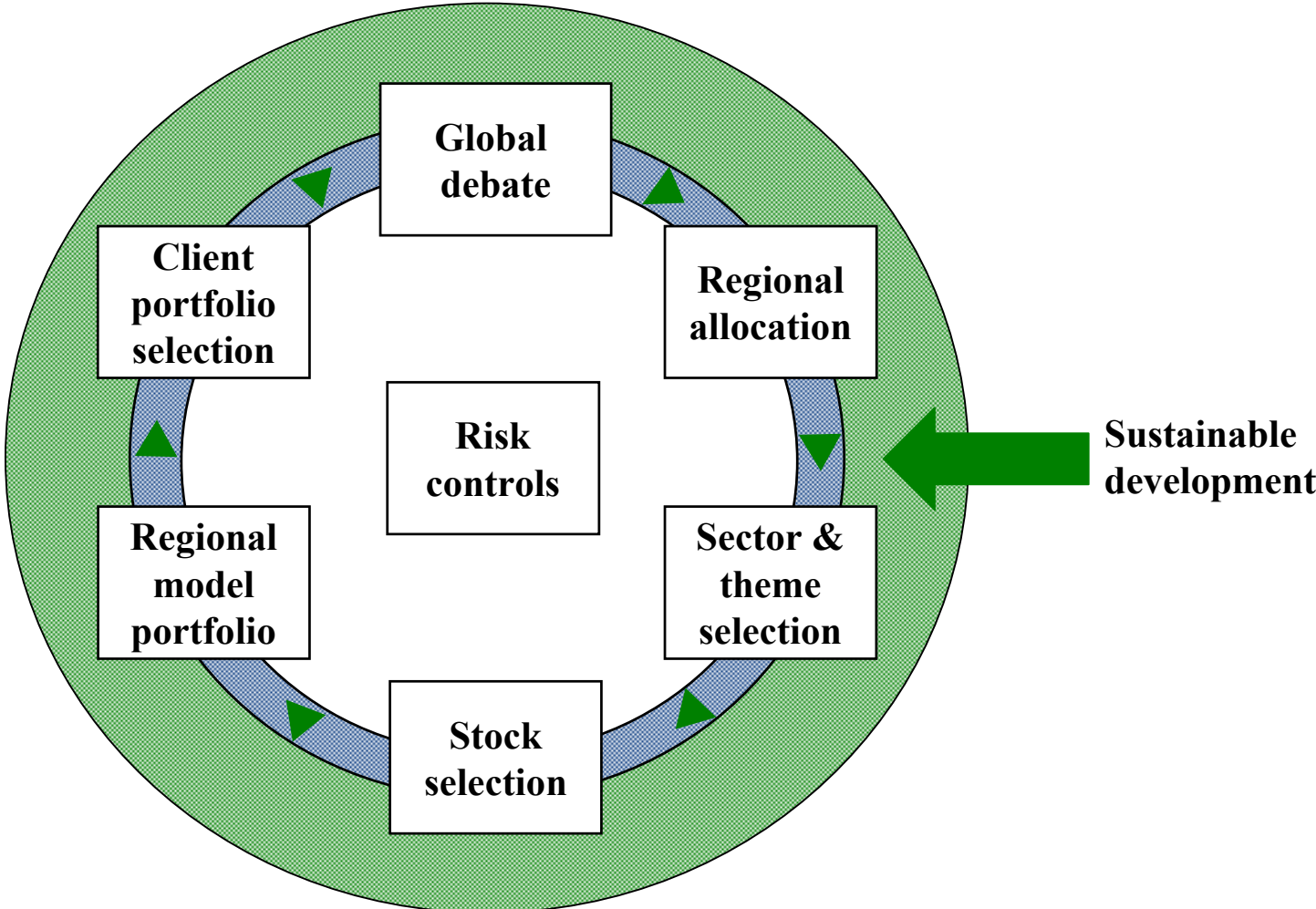
Avoiding extreme industries

- Inherently unacceptable social & environmental costs



Active research and engagement

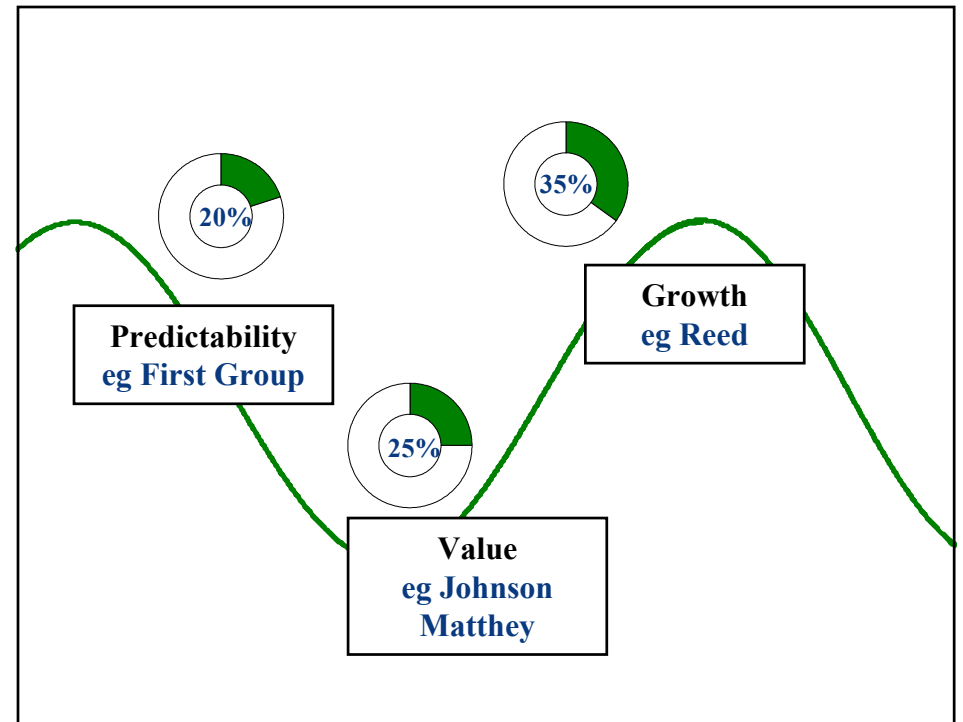
SRI Investment Process



Adding Value Through the Cycle

- Industries of the Future backbone
- Growth bias
- Weightings vary through the cycle

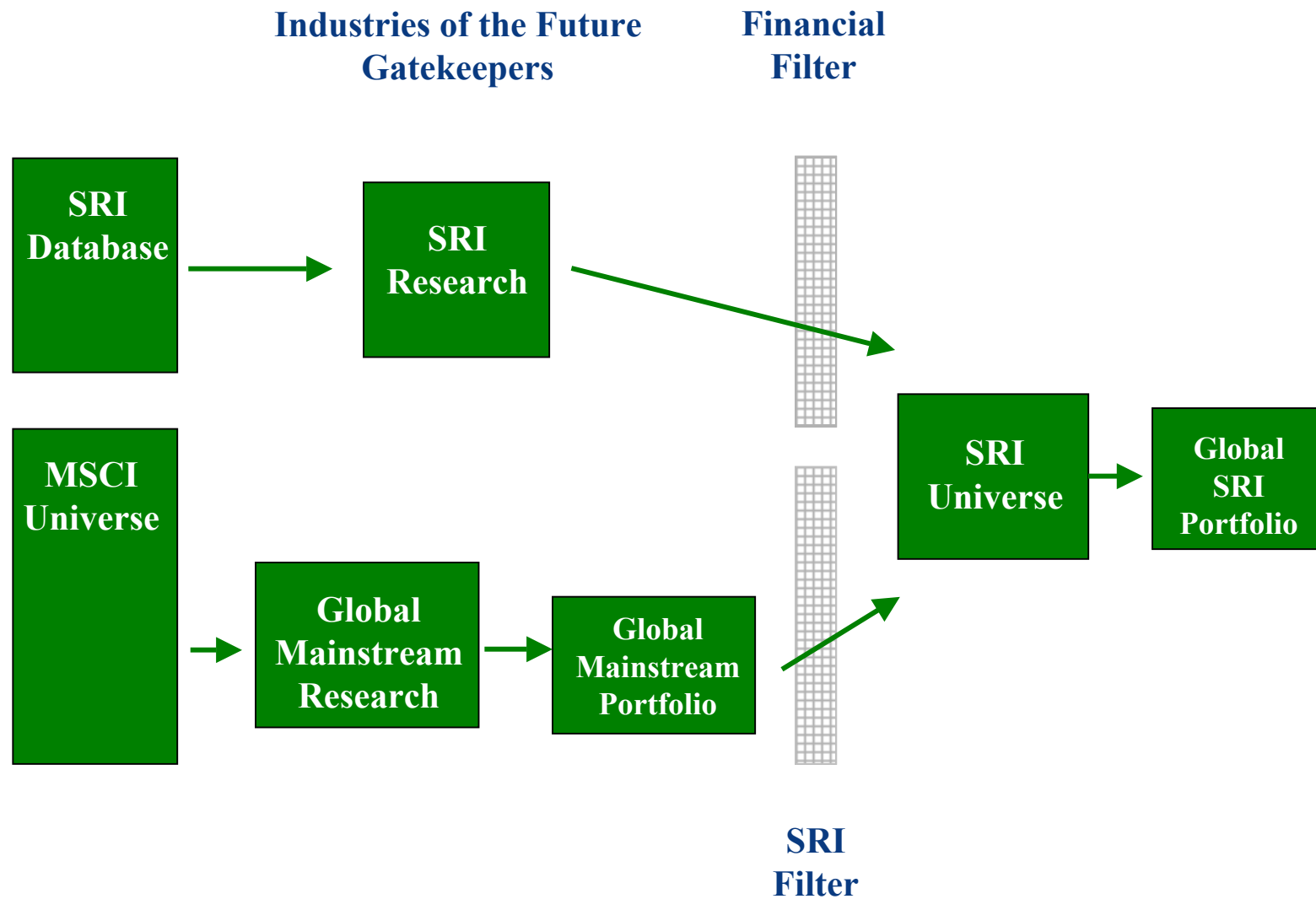
SRI themes and the economic cycle



 % of portfolio in Industries of the Future

Source: Henderson Global Investors

Portfolio Construction



Company Analysis & Stock Selection



- Sustainable market growth
- Low competitive intensity
- Barriers to entry

- Market share/price leadership
- Product/service differentiation

- Effective capital management - Return on Investment
- Balance sheet strength
- Profitability
- Management Track Record

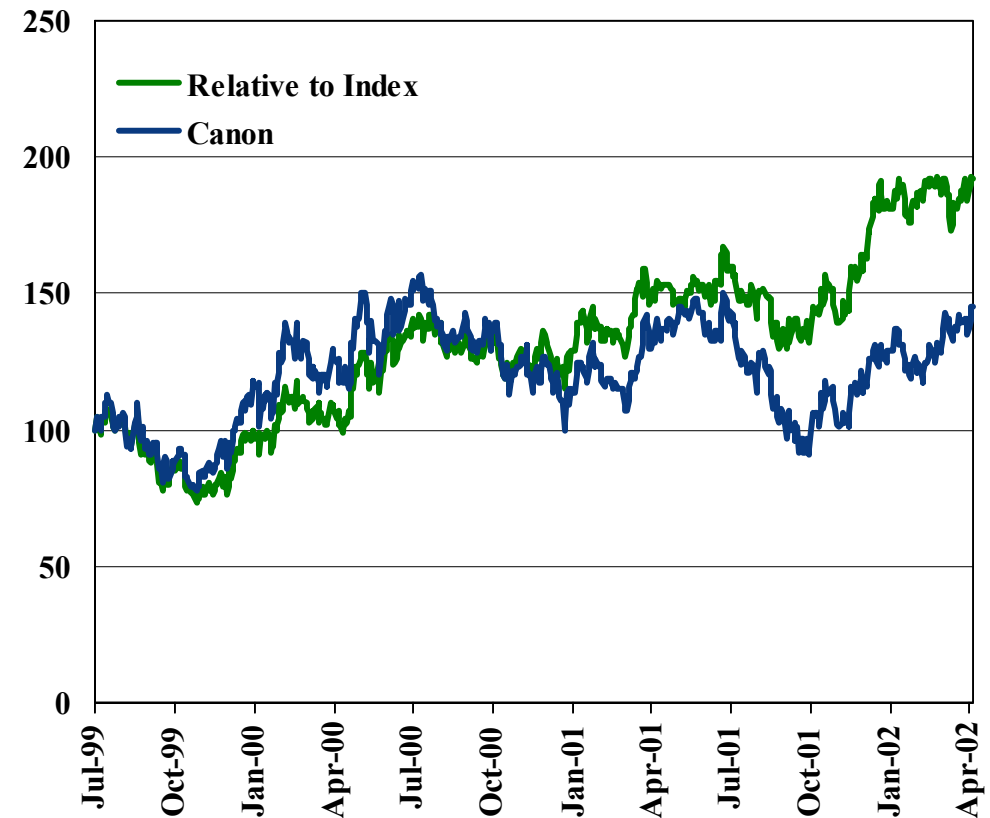
- Relative Valuation
- Earnings profile
- Catalysts to Performance

Long term value creation

Canon

- Market growth driven by increased penetration of coloured products in the office
- New colour copiers and printers well positioned
- Products generate repeat sales of consumables
- Strong and improving balance sheet
- Cost cutting / Beneficiary of weak yen
- Environmental Accounting
- Supply Chain Management
- Valuation attractive

Relative Strength vs. Japan

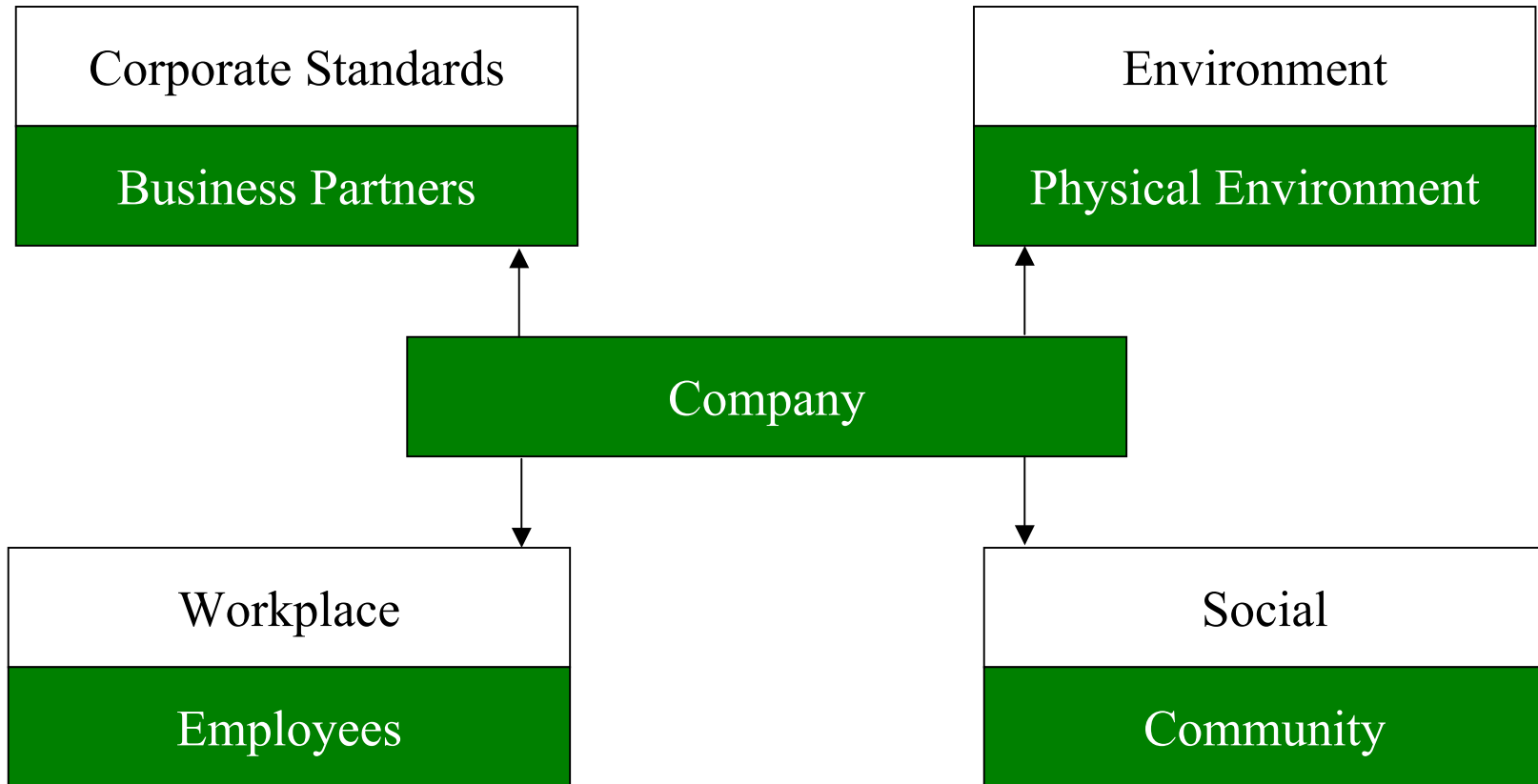


Source: Bloomberg

Assessing Business Sustainability

Industries of the future	Gatekeepers	Sensitive	Controversial	Extreme
<ul style="list-style-type: none">● Renewable Energy● Education● Mass Transport● Healthcare● Water and Waste Management	<ul style="list-style-type: none">● Banking● Finance● Retail● Technology● Tourism● Telecoms● Media	<ul style="list-style-type: none">● Life Sciences● Pharmaceuticals● Construction● Engineering● Utilities● Food & Beverages● Manufacturing & Metals	<ul style="list-style-type: none">● Intensive Agriculture● Forestry● Chemicals● Mining● Fossil Fuels● Air Travel	<ul style="list-style-type: none">● Alcohol● Tobacco● Gambling● Nuclear● Military● Pornography

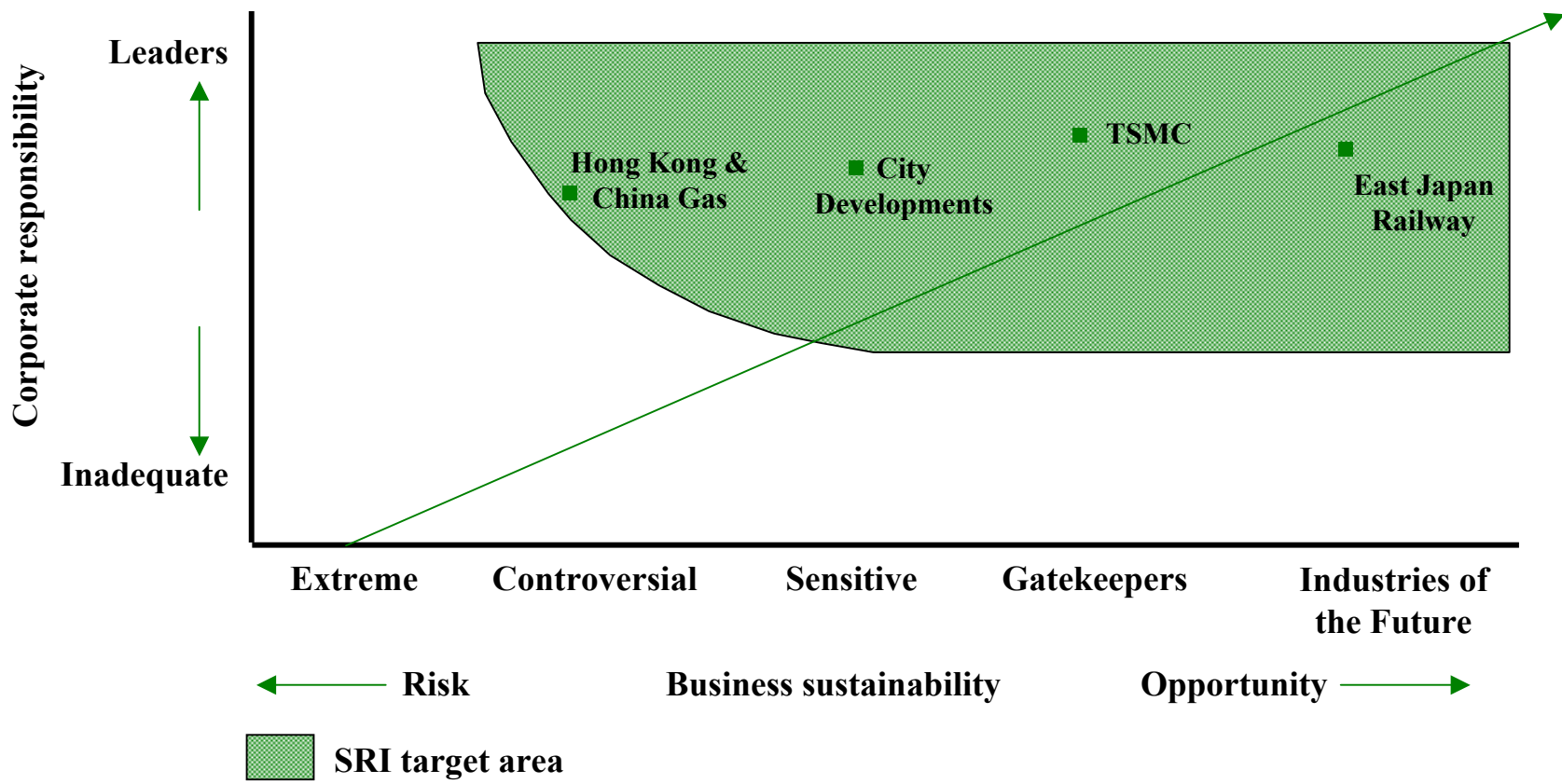
Assessing Corporate Responsibility



Key
Area ■ Main Stakeholder

The SRI Trajectory

- Investing in companies with the capacity to succeed in a responsible and sustainable economy



Source: Henderson Global Investors

Industry of the Future Landscape - Renewables

	UK	Germany	US	Japan	Asia
Strong technological engineering base	3	1	1	1	3
Strong Environmental Legislation	2	1	2	1	3
Entrepreneurial culture	1	2	1	3	1
Renewable energy sector	✗	✓	✓	÷	✗

Leaders in Traditional Sectors - Challenges - Human Rights

- Oil / Mining
- Finance / Telecommunications
- Retail / Food

Responses

- Code of conduct
- SA 8000 certification
- Pilot programs

Issues Arising

- Whose standards?
- Complex issue
- Do we believe them?

Why Does it Matter to Investors?

- Business continuity
- Reputation / Motivation
- Indicator of good management

Fund Criteria

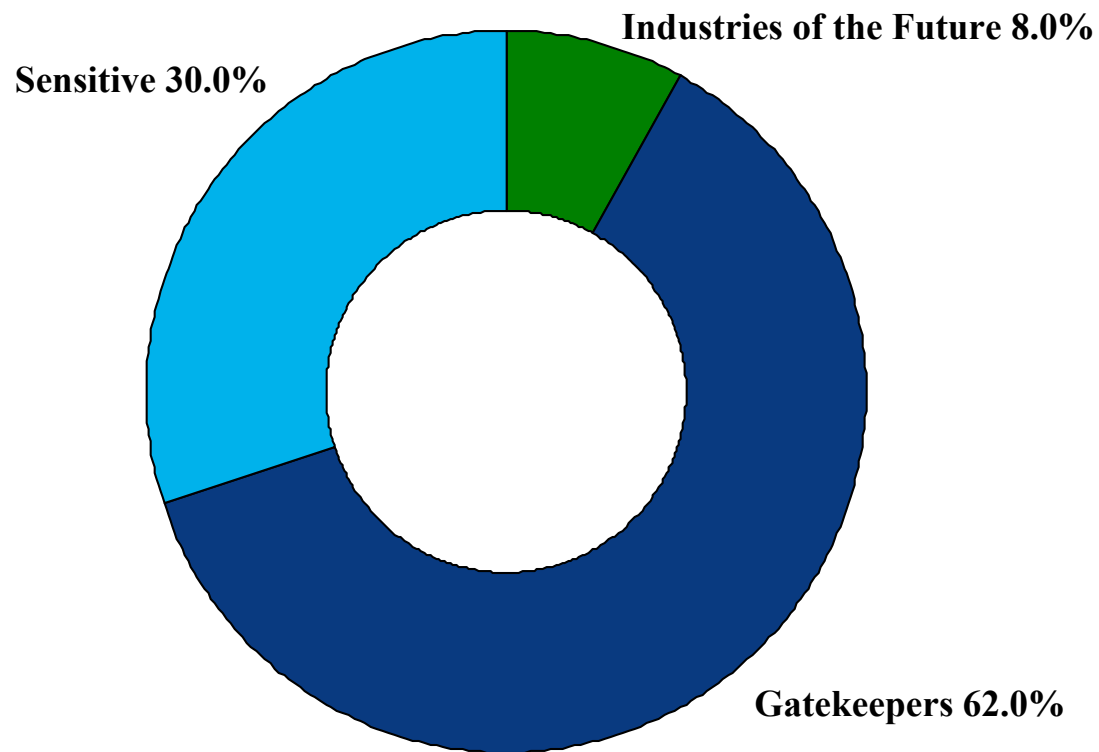
NPI Global Care Asia Pacific Fund

Industry of the Future	Leaders in Traditional Sectors	Exclusions
<p>Strong focus on secular sustainability trends and 'Industry of the Future' themes:</p> <ul style="list-style-type: none">● Clean & Renewable Energy● Education & Training● Environmental Services● Health & Nutrition● Mobility Management	<p>Seek out leaders in traditional sectors. Also invest in companies with :</p> <ul style="list-style-type: none">● A strong management Team● Pricing power due to proprietary technology● Attention to the rights of minority shareholders● Management competency in dealing with sustainable development issues● Products or services relevant to sustainable development● Good environmental and social performance	<p>Exclude companies with:</p> <p>Significant involvement in alcohol production, armaments, nuclear power, and tobacco production</p>

Seeking corporate responsibility leaders and those exhibiting good practice on:

- Corporate Practices (business ethics, customers, suppliers)
- Workplace (diversity, safety, consultation, skills, sourcing)
- Community (dialogue, donations) Environment (products, processes, climate change)
- Environment (products, processes, climate change)

NPI Global Care Asia Pacific Fund - Sustainability Grading

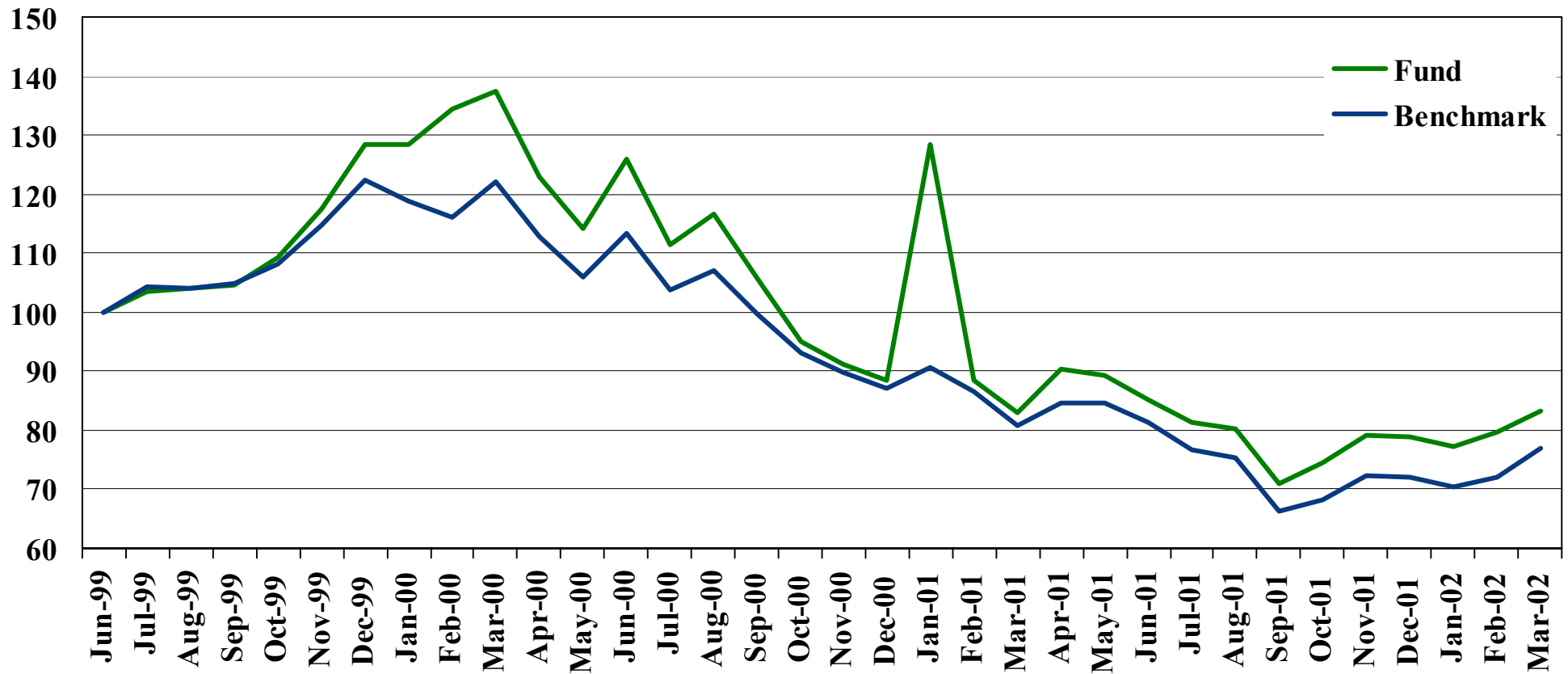


*Note: Fund holdings as of 28.03.02
Total number of companies: 50*

NPI Global Care Asia Pacific Fund - Company Examples

Industry of the Future	Gatekeepers	Sensitive
<ul style="list-style-type: none">● Asahi Pretec● East Japan Railway● Benesse● Konami Sports	<ul style="list-style-type: none">● Daiwa Securities● Kookmin Bank● TSMC● SK Telecom	<ul style="list-style-type: none">● Canon● City Development● Samsung Electronics● Sony

NPI Global Care Asia Pacific Fund



Source: Bloomberg

Appendices

SRI Resources

Fund Management

Kirsteen Morrison
Head of SRI Fund Management

George Latham
Senior Fund Manager

Joel Moreland
Assistant Fund Manager

Lim Kok Boon†
Jeremy Hall†

Australia
Michael Anderson
Head of SRI Australia

Michael Murray
Fund Manager

Research and Engagement

Research
Nick Robins
Head of SRI Research
Jane Goodland
Senior Analyst
Alex Gozzi
Senior SRI Analyst
My-Linh Ngo
SRI Analyst
Nicola Shaw
Trainee SRI Analyst

Engagement
Rob Lake
Head of Engagement & Corporate Governance
John Ward
Corporate Governance Director

Strategy & Research
Australia
Ian Woods
Senior Researcher

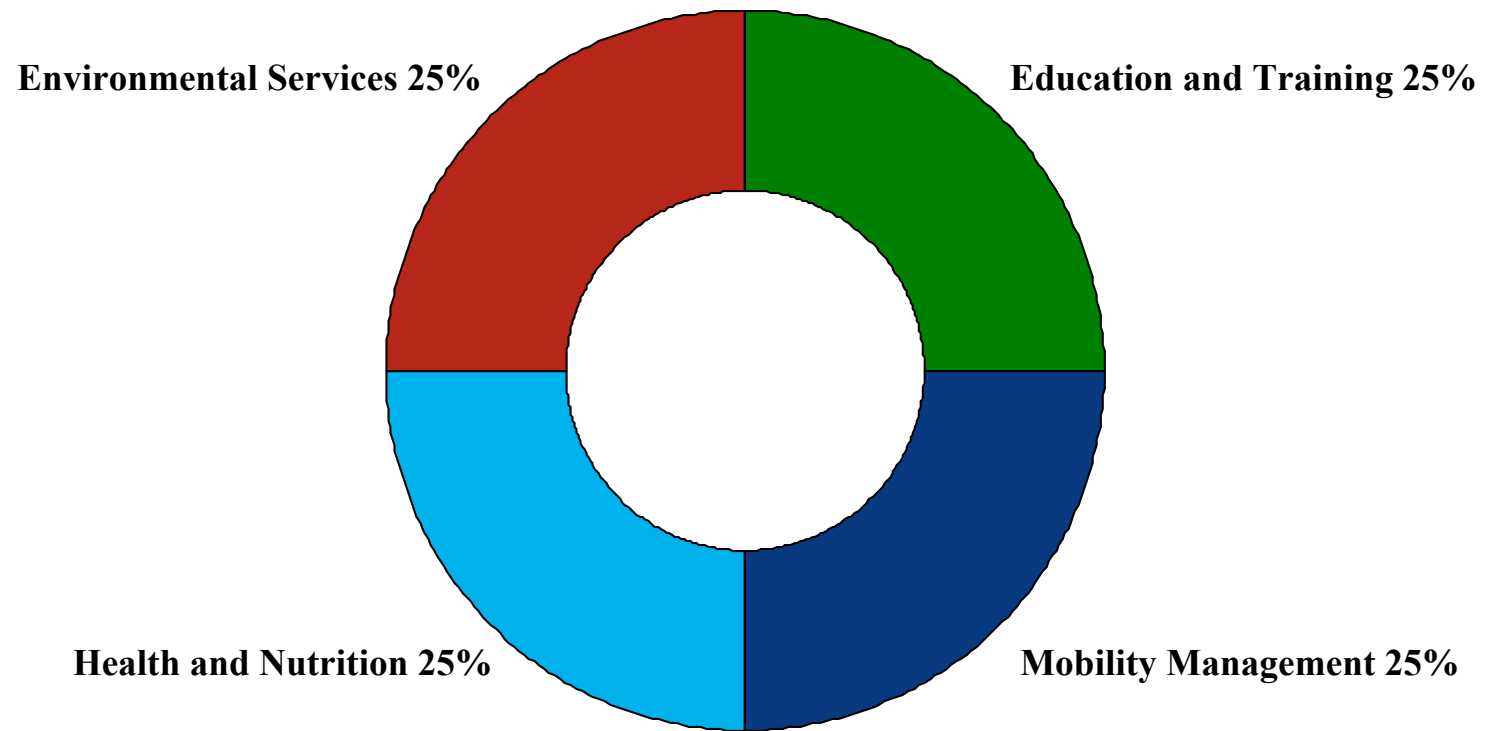
Other Resources

Advisory Committees
UK
Nigel Haigh (Chairman)
Reg Green
Robin Grove-White
Jane Nelson
Yve Newbold
Australia
Rev Tim Costello
Dr Simon Longstaff
Cathy Zoi

Marketing & Communications
Mark Campanale
Associate Director, SRI Business Development
Garry Topp
Associate Director, SRI Business Development
Mike Shaw
Director, Institutional Marketing
James Giuseppi
SRI Communications Manager

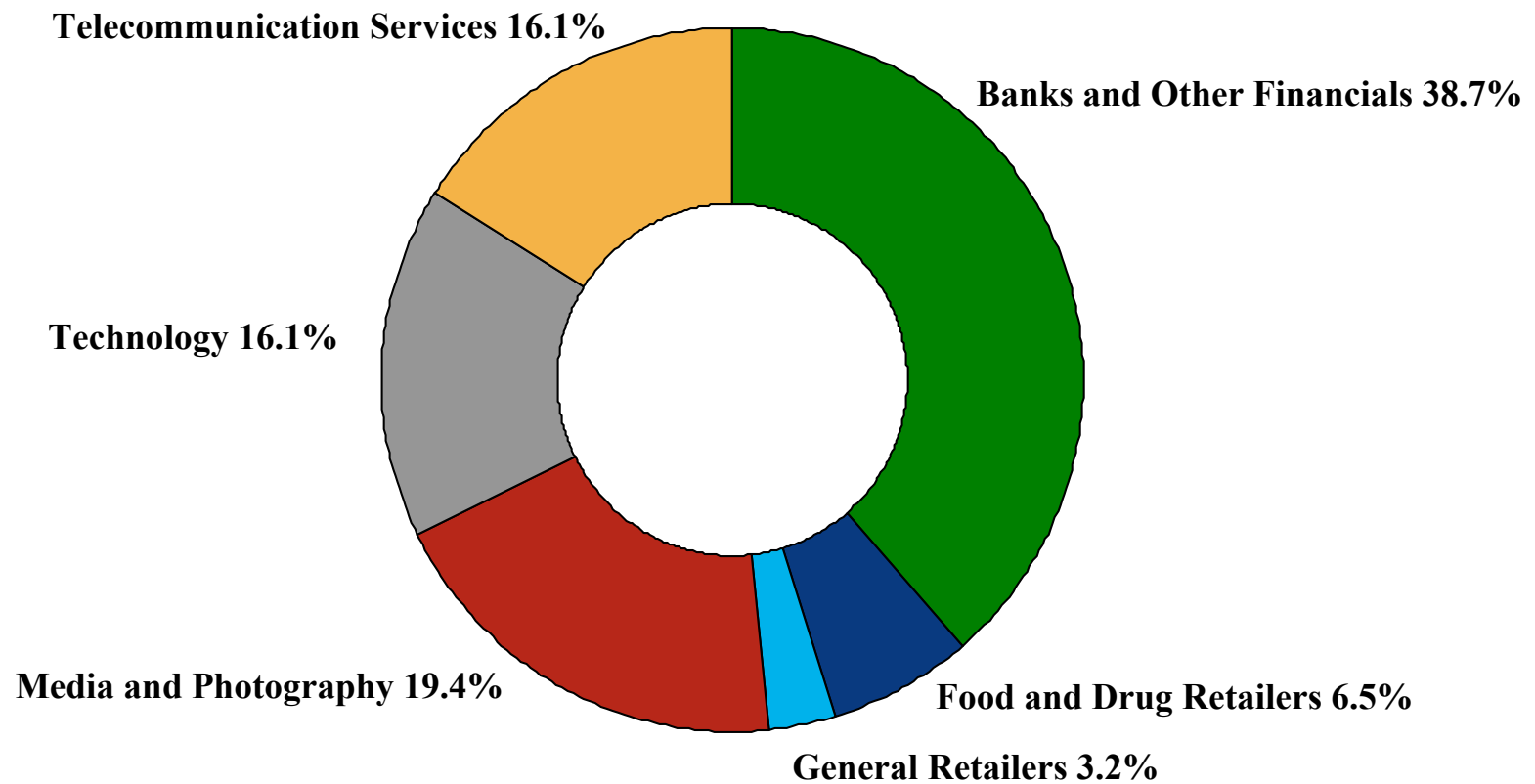
Note: † Specialist fund managers with responsibility for SRI
As at 31 December 2001

NPA - Industry of the Future



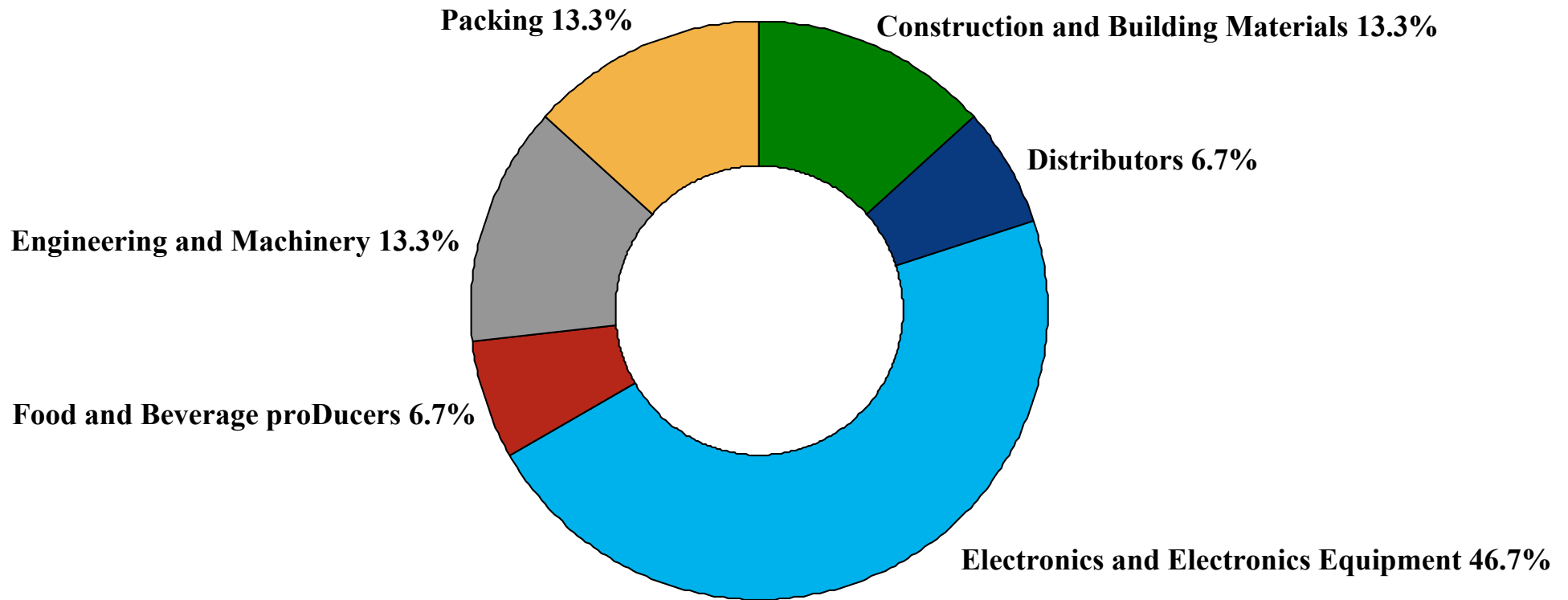
*Note: Fund holdings as of 28.03.02
Total number of companies:*

NPA - Gatekeeper



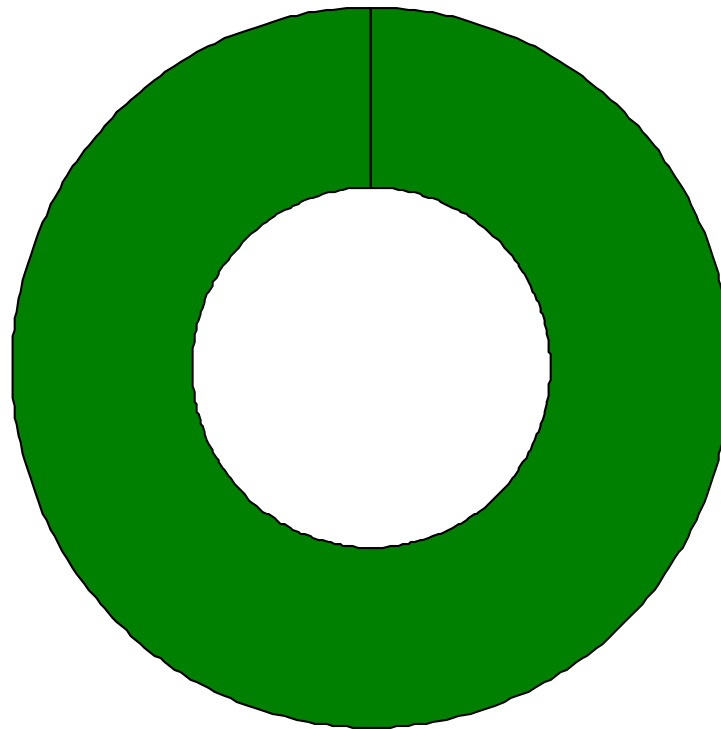
*Note: Fund holdings as of 28.03.02
Total number of companies:*

NPA - Sensitive



*Note: Fund holdings as of 28.03.02
Total number of companies:*

Controversial



*Note: Fund holdings as of 28.03.02
Total number of companies:*

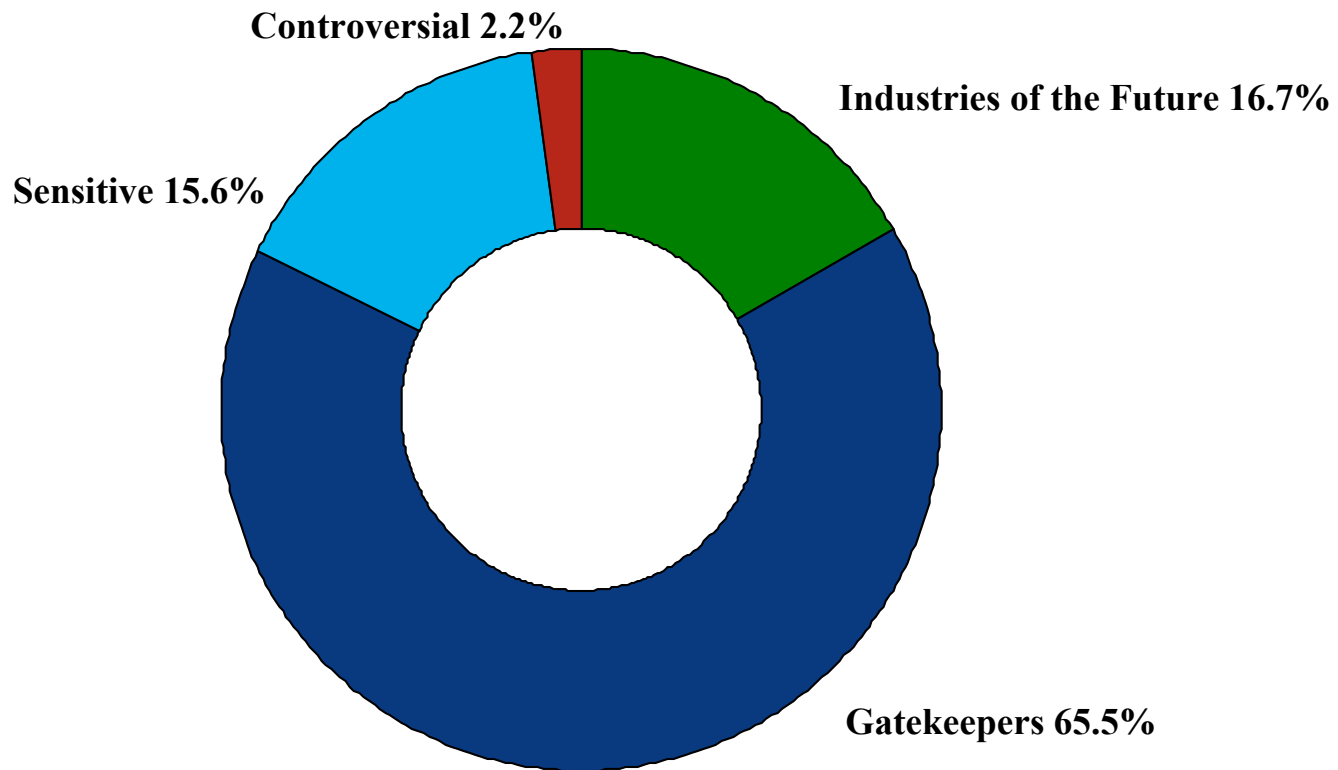
Horizon Global Sustainable Investments Fund - Criteria

Industry of the Future	Leaders in Traditional Sectors	Exclusions
<p>Strong focus on secular sustainability trends and 'Industry of the Future' themes:</p> <ul style="list-style-type: none">● Clean & Renewable Energy● Education & Training● Environmental Services● Health & Nutrition● Mobility Management	<p>Seek out leaders in traditional sectors.</p> <p>Only invest in companies in the following sectors if they demonstrate an outstanding response to environmental and social issues:</p> <ul style="list-style-type: none">● Forestry● Mining● Fossil Fuels● Alcohol Production	<p>Exclude companies with:</p> <p>Involvement in armaments, nuclear power, tobacco production and sale, production and sale of Ozone Depleting Substances & pesticides</p> <p>Material involvement in pornography, gambling and companies involved in genetic engineering</p>

In the first two instances, seeking corporate responsibility leaders and those exhibiting good practice on:

- Corporate Practices (business ethics, customers, suppliers)
- Workplace (diversity, safety, consultation, skills, sourcing)
- Community (dialogue, donations) Environment (products, processes, climate change)
- Environment (products, processes, climate change)

Henderson Sustainable Investment Fund - Sustainability Grading

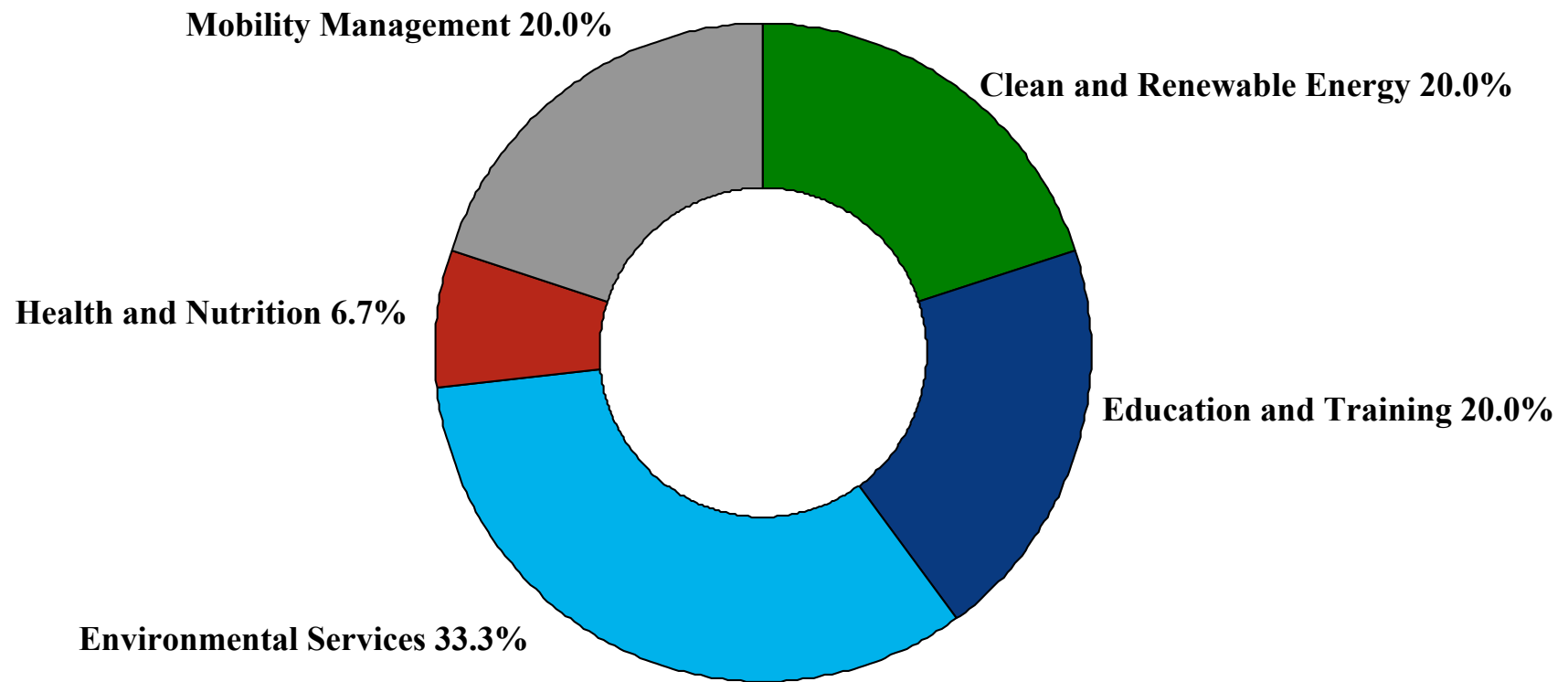


*Note: Fund holdings as of 28.03.02
Total number of companies: 90*

Henderson Sustainable Investments Fund - Company Examples

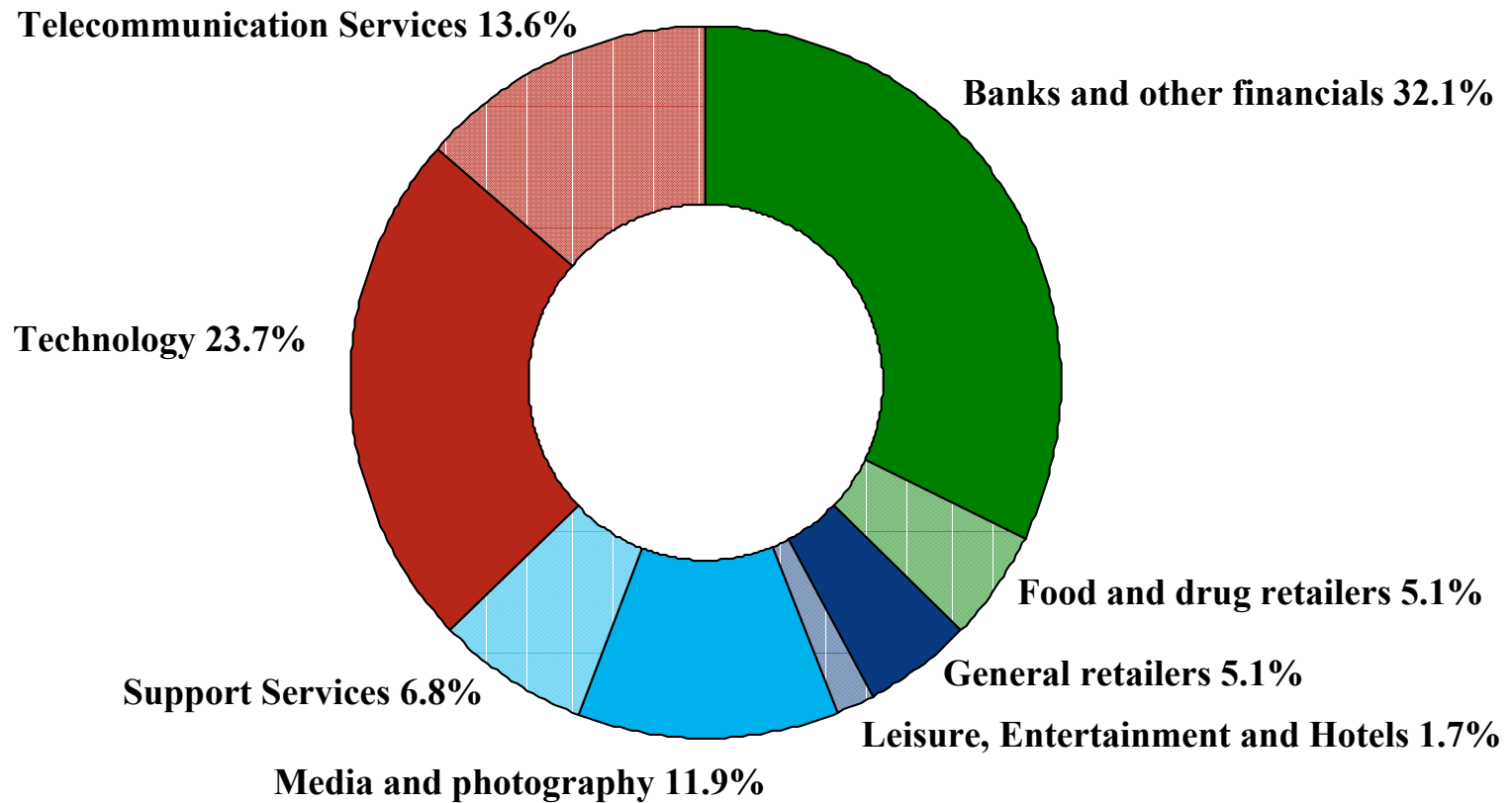
Industry of the Future	Gatekeeper	Sensitive	Controversial
<ul style="list-style-type: none">● Johnson Matthey● Canadian National Railway● Scholastic● Quest Diagnostics	<ul style="list-style-type: none">● Daiwa Securities● Kookmin Bank● TSMC● SK Telecom	<ul style="list-style-type: none">● Canon● City Development● Samsung Electronics● Sony	<ul style="list-style-type: none">● BP● Shell

HIS - Industry of the Future



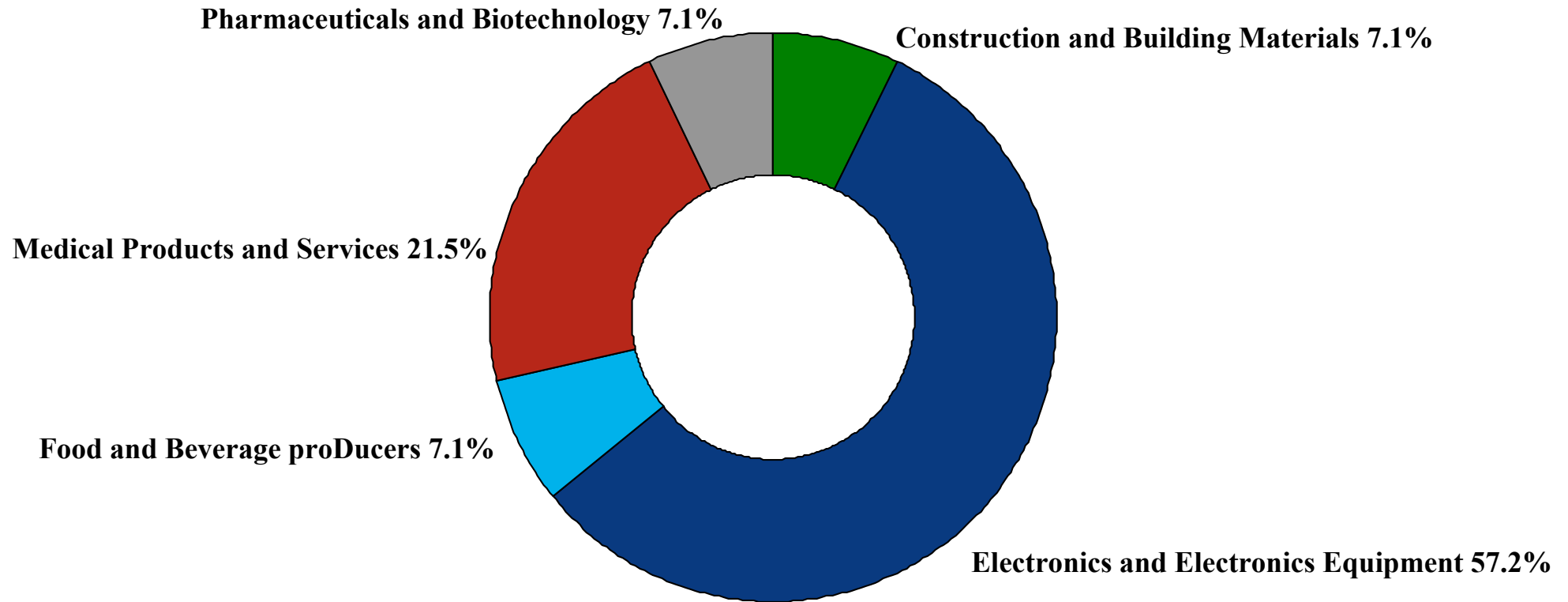
*Note: Fund holdings as of 28.03.02
Total number of companies: 15*

HIS - Gatekeepers



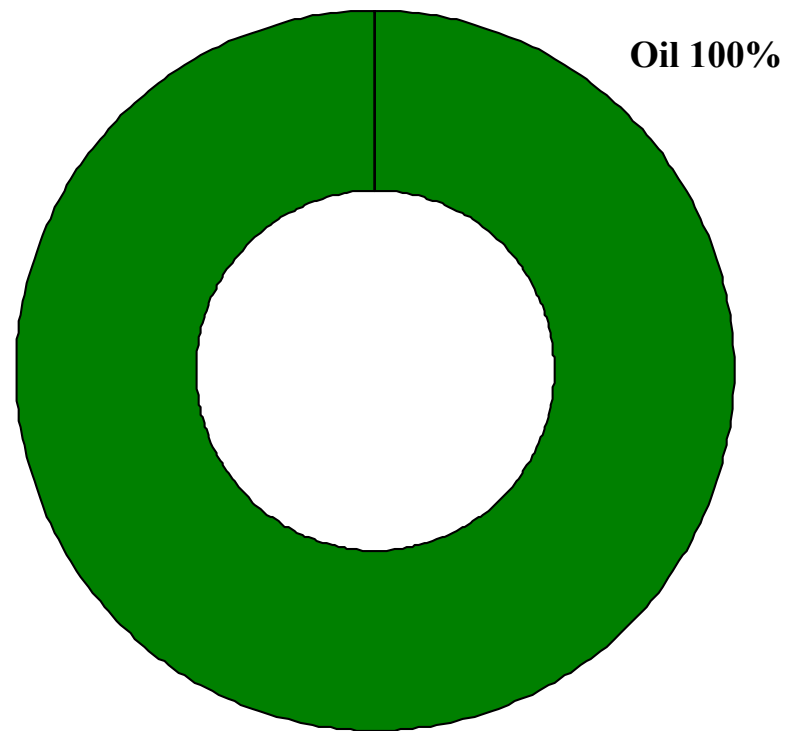
*Note: Fund holdings as of 28.03.02
Total number of companies:*

HIS - Sensitive



*Note: Fund holdings as of 28.03.02
Total number of companies: 14*

HIS - Controversial



*Note: Fund holdings as of 28.03.02
Total number of companies: 2*

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House view

This document has been produced based on Henderson Global Investors' research and analysis and represents our house view.

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