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RISK MANAGEMENT
SEMINAR 2012

Panel Debate 6: **Rating Agencies and Risk Management**

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**LIVING AND
WORKING IN A
RISKIER WORLD**

VERSAILLES, FRANCE
22-23 October 2012
Palais des Congrès
de Versailles



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What is an S&P rating?

It is an **opinion** on the **ability and willingness** of an obligor to **meet its debts as they fall due**, or to respect the financial terms of a particular debt security or other financial obligation.

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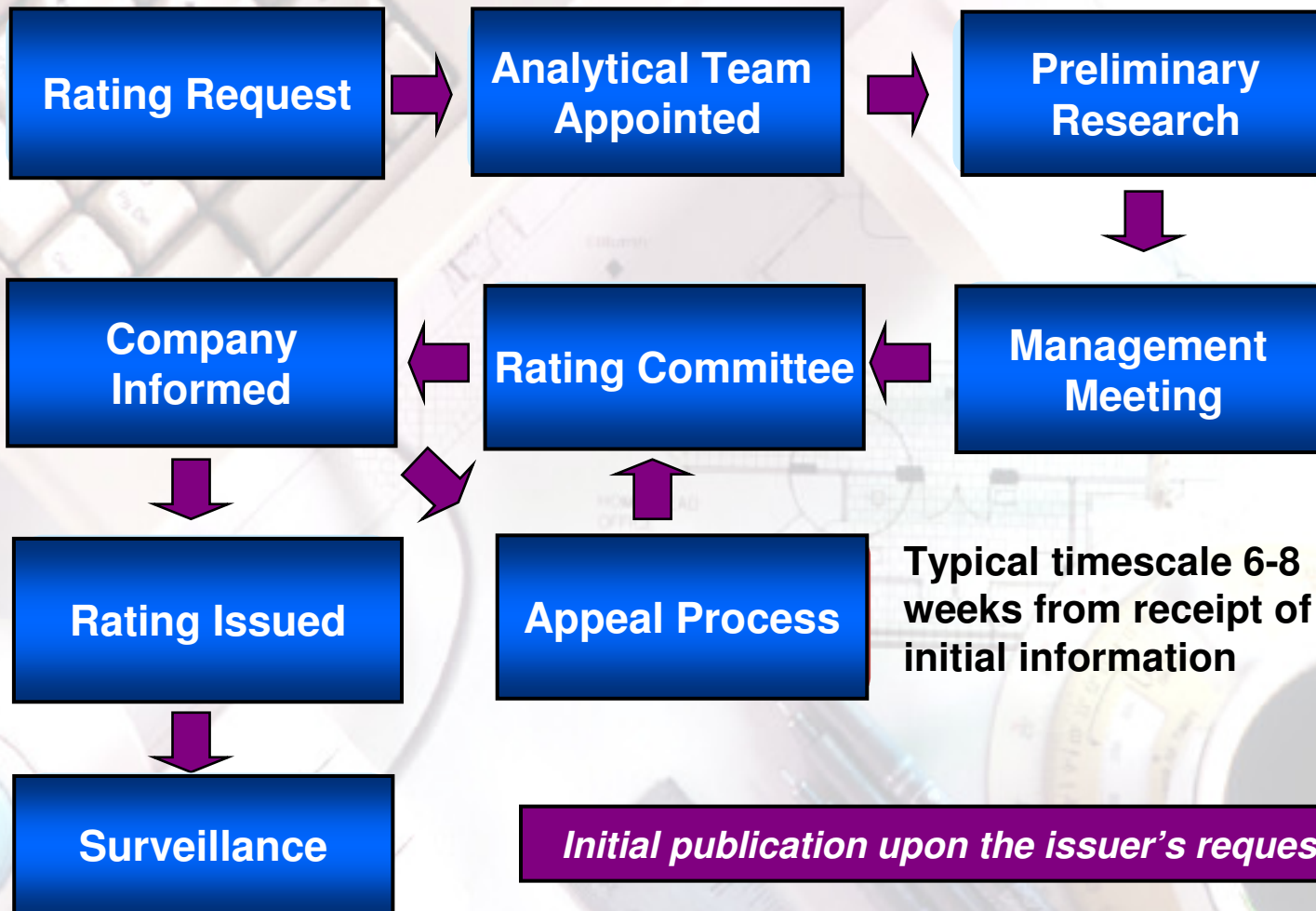


What it is:

- Forward-looking opinions about relative credit risk, i.e., the creditworthiness of an entity or its securities that ...
- ... strive to be **globally comparable** across sectors
- Incorporate views on **relative likelihood of default** that ...
- refer to the **timely payment of interest and principal** and ...
- ... are applied to entities and securities

And what it is not:

- Investment advice, a recommendation to purchase, sell or hold securities, or a comment as to market price or suitability for an investor
- a measure of liquidity or market value
- a way of defining “good” or “bad” companies, or a direct assessment of corporate governance
- an audit of the company or its auditors
- a guarantee of credit quality or of future credit risk





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SAM Corporate Sustainability Assessment™

SAM Sustainable Asset Management





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SAM Methodology

Systematic and consistent measurement of corporate sustainability performance

- Access to corporate information via web-based questionnaire, management meetings and public information
- Integrated assessment of economic, environmental and social criteria with focus on long-term value creation
- Assessment of more than 2000 companies yearly based on broad range of general and industry-specific criteria
- Emphasis on performance over management systems and policies
- Assessment complemented by a Media & Stakeholder Analysis
- Process audited annually by independent third-party firm
- Cooperation with S&P Dow Jones Indices for the publication and licensing of the DJSI, launched in 1999.



Measuring corporate sustainability

Information gathering



Criteria

Sustainability Database



Scores

Investment universes



Products

All Test Company SAM

Data Appraisal

ONE-STEP SYSTEM For companies with board of directors

Executive directors	Number of members
Non-executive directors (incl. Independent directors)	
Independent directors	
Total board size	

TWO-STEP SYSTEM For companies with supervisory boards

SUPERVISORY BOARDS	Non-executive directors (incl. Independent directors)	Number of members

Data Points

ID	Item	Date	Type	Value	Relative
SDW001	Board Structure / Board Size (Integral)	2008.2010	Integer	N/A	
SDW002	Board Structure / Chairman Representation	2008.2010	Integer	N/A	
SDW003	Board Structure / Non-Executive Directors	2008.2010	Integer	N/A	
SDW004	Board Structure / Independent Directors	2008.2010	Integer	N/A	
SDW005	Board Structure / Non-Executive Chair	2008.2010	Integer	N/A	
SDW006	Board Structure / Chair (Executive Chair)	2008.2010	Integer	N/A	
SDW007	Board Structure / Chair (Executive Chair)	2008.2010	Integer	N/A	
SDW008	Board Structure / Chair (Non-Exec)	2008.2010	Yes/No	N/A	

- Web-based questionnaire
- Company documents
- Company interactions
- Media & Stakeholder analysis

Corporate Sustainability Assessment Results

Explanations: The scores listed in company's performance review, environmental and social criteria compared to its industry average. Each score is derived from the Sustainability Database. The score is a value from the SAM. The average is a percentage of the score from the SAM. The average is a percentage of the score from the SAM. The average is a percentage of the score from the SAM.

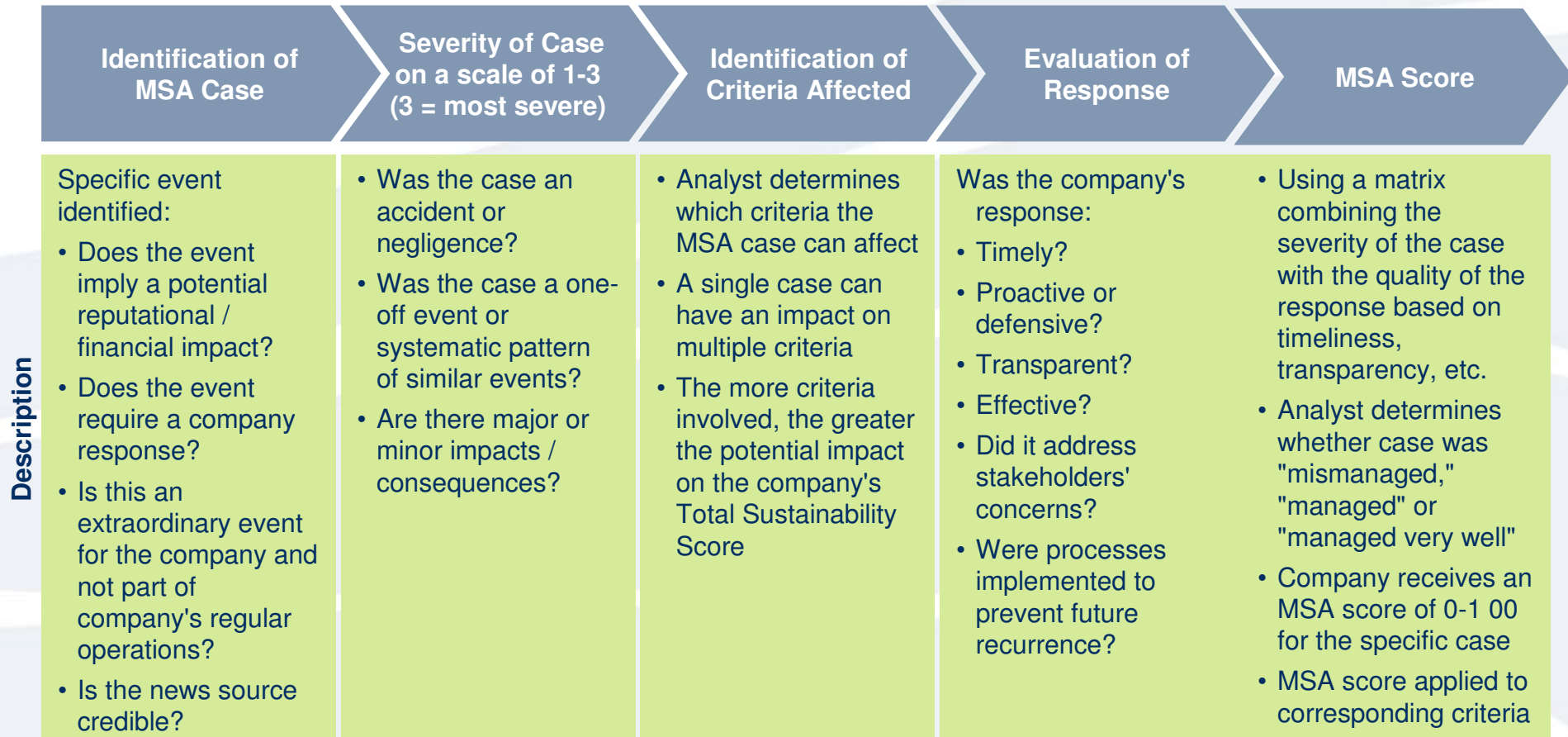
Company	Average Score	Best Score	Lowest Score	Lowest Score	Lowest Score	Lowest Score	Conditions of Dupl. Score	Criteria
Total Score:	60	90	41	84	87	81		
Dimension Scores:								
Economic Dimension	63	98	63	92	82	83		44
Environmental Dimension	36	51	87	75	36	67		16
Social Dimension	64	90	80	80	95	79		40
Criteria Scores:								
Economic Dimension								
Corporate Governance	88	100	85	85	84	84		6
Codes of Conduct/Compliance/Corruption/Skimming	82	100	86	86	79	78		9
Service to Stakeholders	98	100	98	98	98	98		3
Procurement Management	98	100	98	98	98	98		2
Brand Management	40	53	68	62	40	89		7
Risk & Crisis Management	83	71	100	91	60	75		6
Customer Relationship Management	38	53	96	84	50	80		10
Privacy Protection	96	77	100	98	98	100		5
Environmental Dimension								
Environmental Reporting	34	52	94	73	34	73		3
Climate Strategy	10	96	100	83	83	100		4
Environmental Policy/Management System	60	41	100	80	81	80		6

- Integrated assessment of economic, social and environmental criteria with a strong focus on long-term value creation
- Evaluation schemes driven by identified "best-in-class" examples
- Investment products
- Clients' portfolios



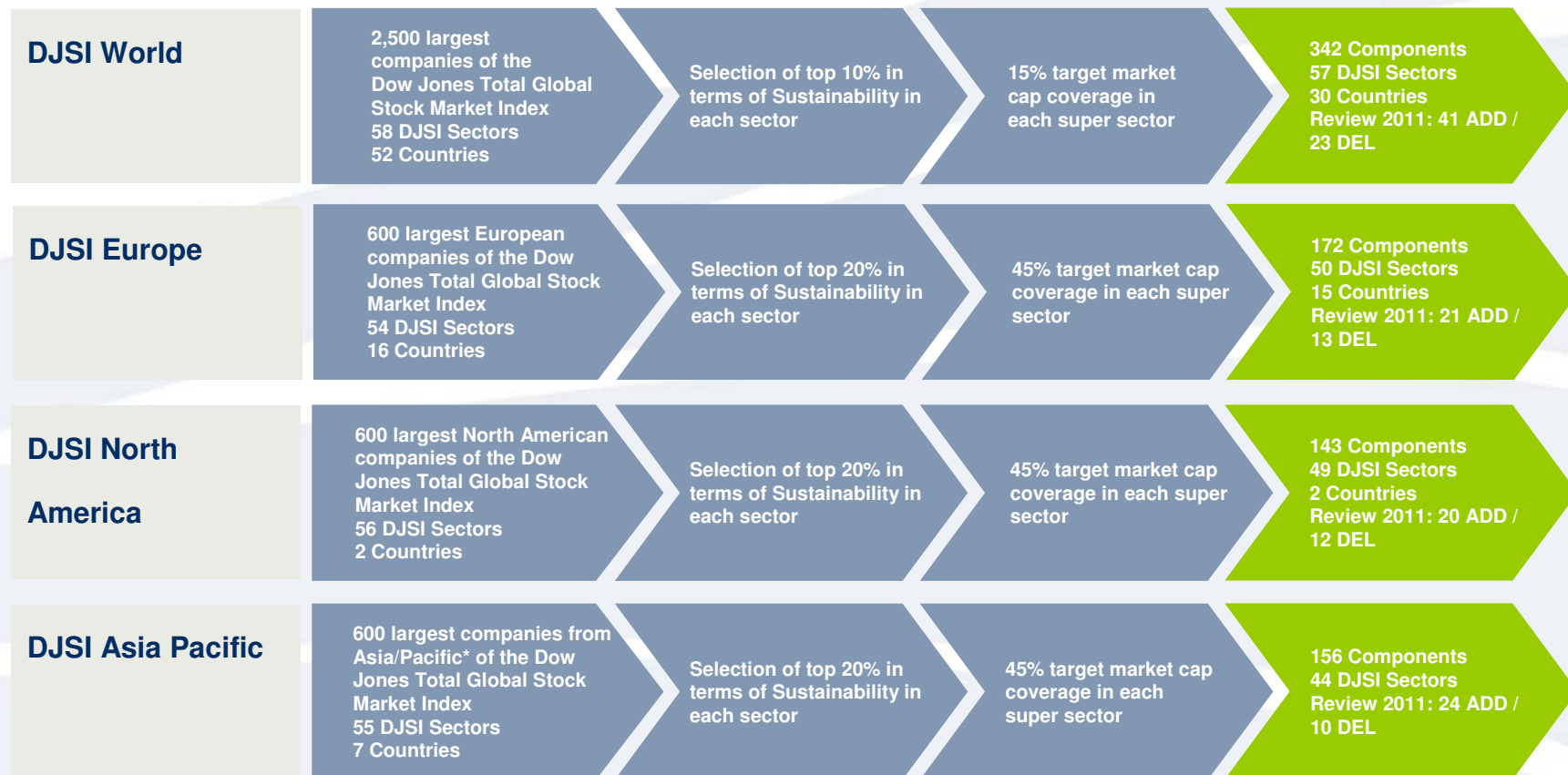


Media & Stakeholder Analysis (MSA)





DJSI Assessment and Selection Process



*600 largest companies from South Korea, Australia, New Zealand, Japan, Hong Kong, Taiwan, and Singapore
Figures as of launch September 19, 2011



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