

Valuing Business Sustainability: An Investor's Perspective



January 25, 2008

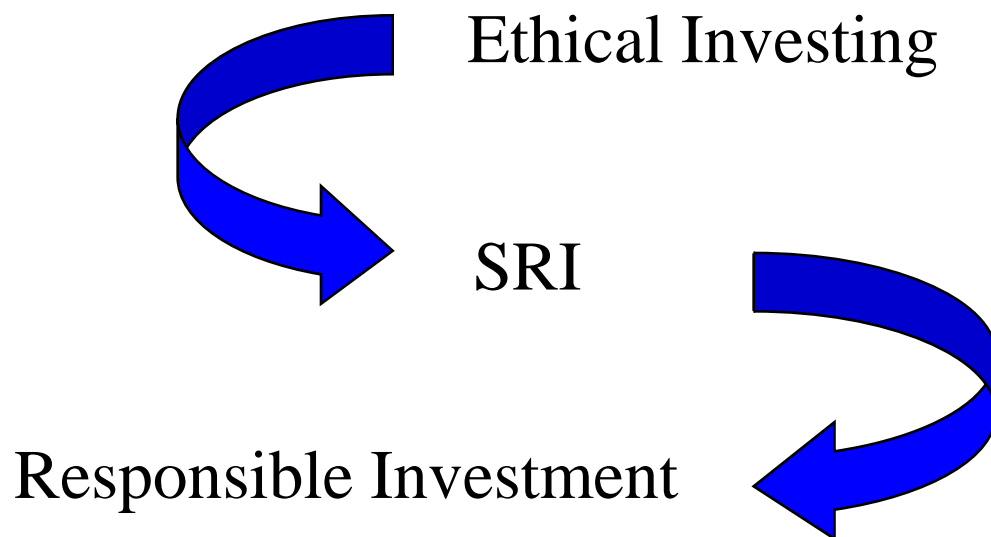
Richard Ivey School of Business

Toronto, ON

Michael Jantzi, Jantzi Research Inc.

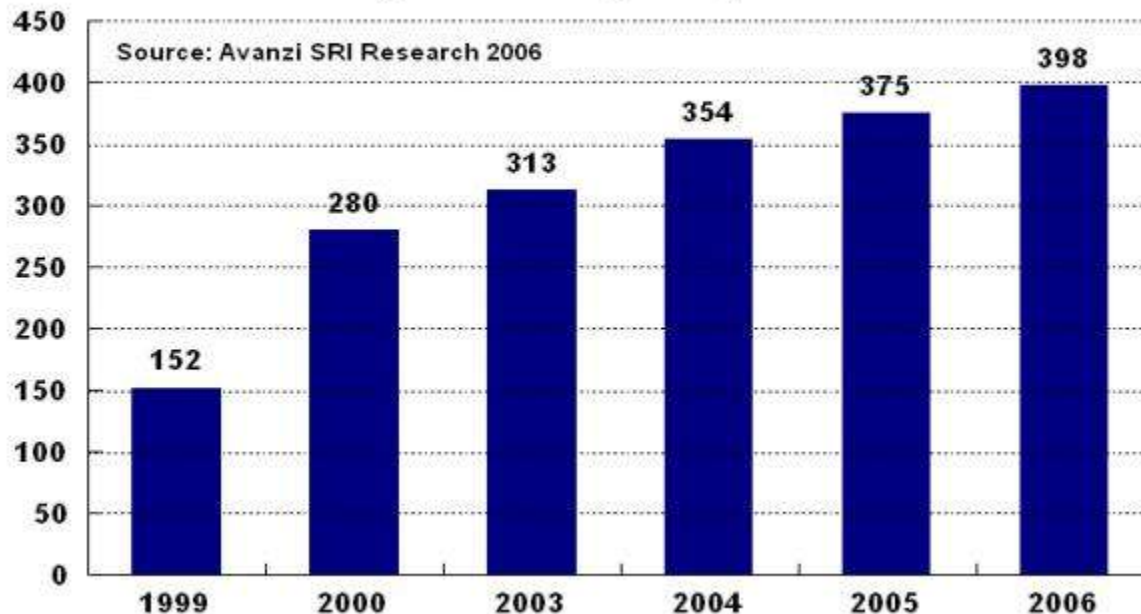
What's in a name?

- the integration of environmental, social and governance parameters into the investment decision making process



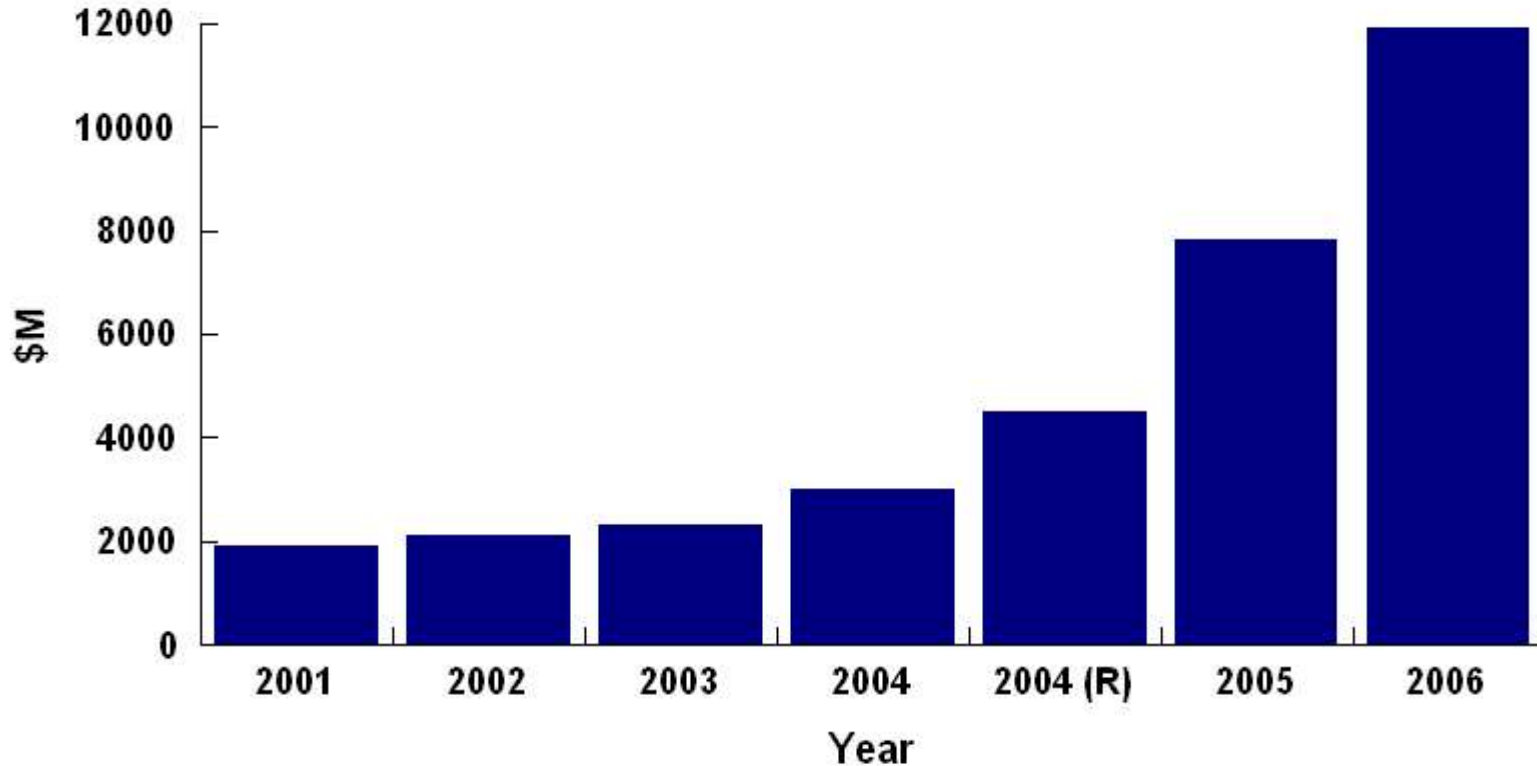
Europe

Number of SRI funds cumulated in the period 1999 to 2006
(on June 30, 2006)



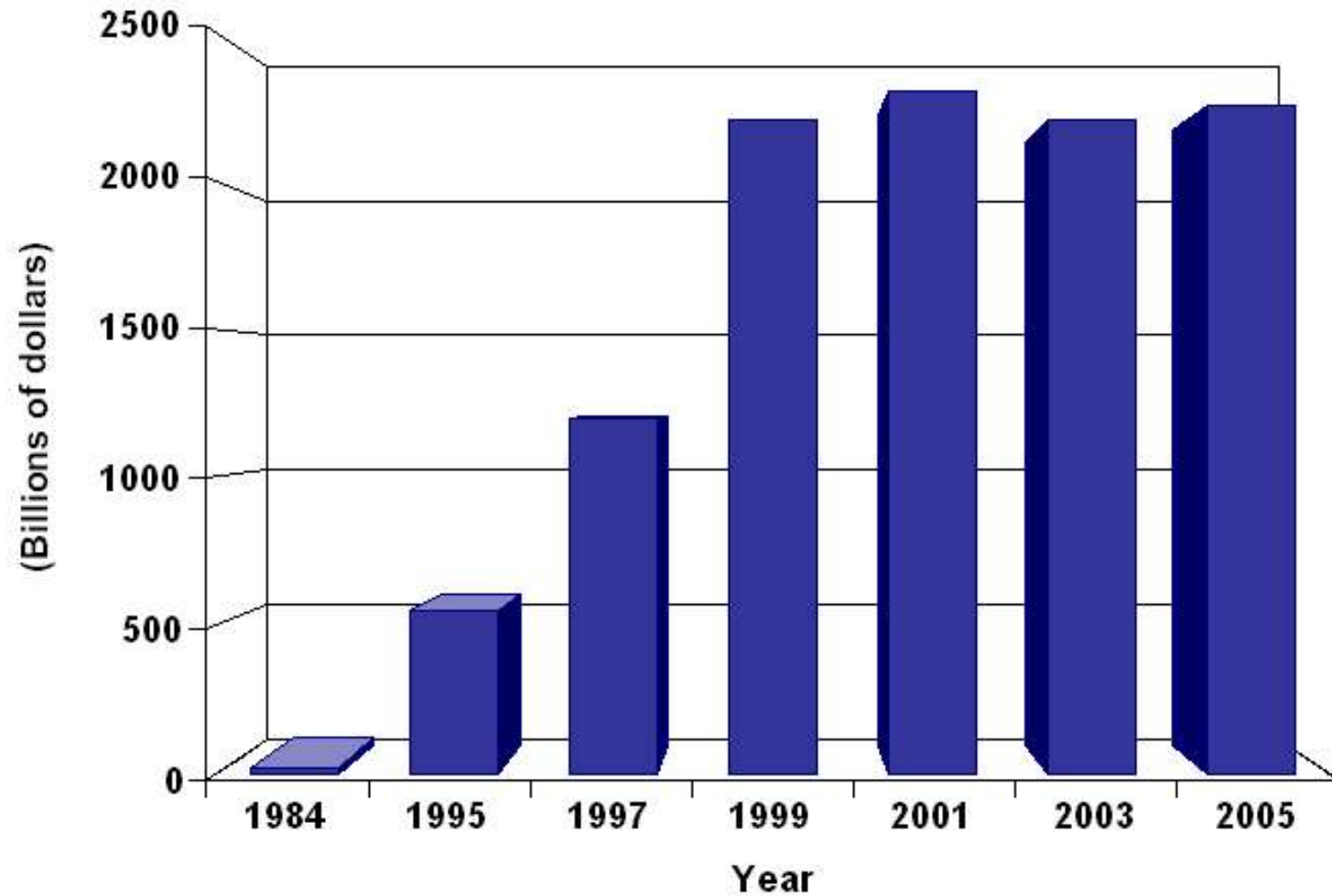
- retail RI in Europe totals more than €48.7 billion in assets – increase of 102% from year before
- institutional RI in Europe totals about €2 trillion in aum

Australia – RI Asset Growth



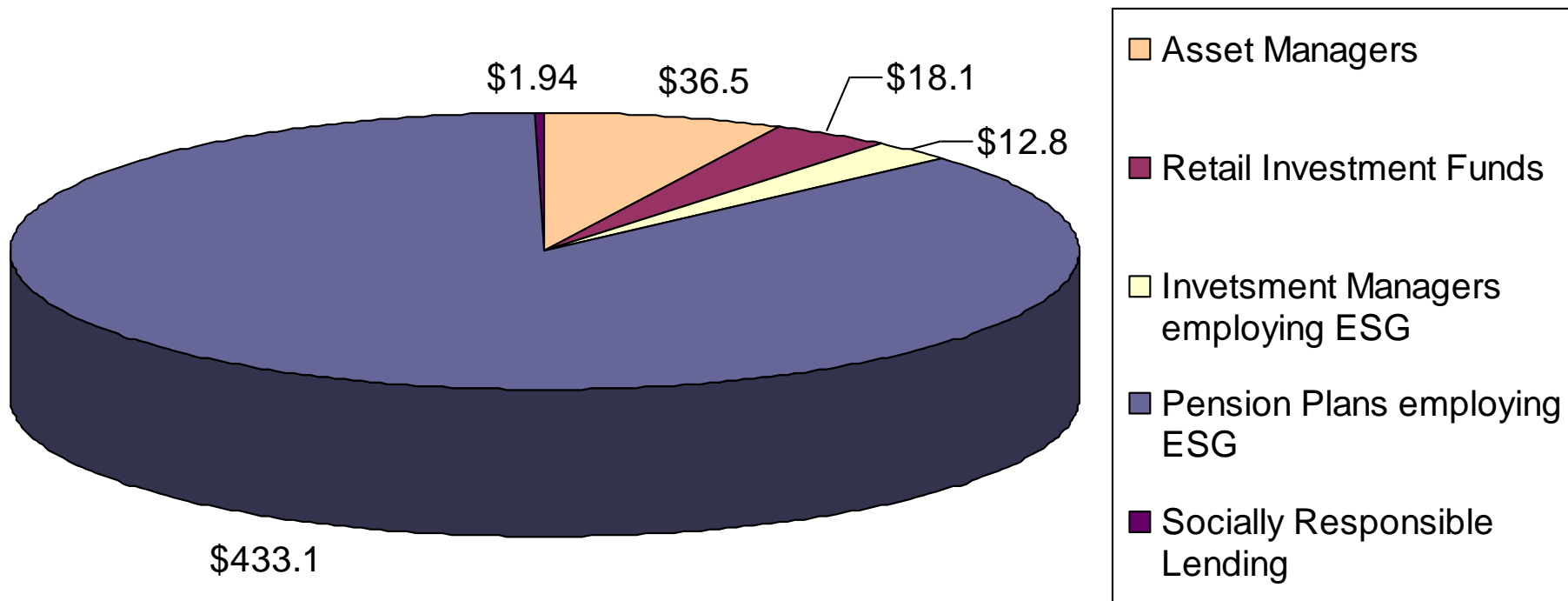
■ “...fastest growing sector in the Australian managed investment market” (Watson Wyatt, June 2007)

SRI Assets in the U.S.



RI Assets Under Management in Canada

- \$503 billion in RI assets in 2006
 - increase from \$65.5 billion over two years



What's the Risk?



Evaluating risk: an evolving view of fiduciary responsibility

- Climate change
- Water

Rating Companies



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Monday, January 21, 2008

May 2007

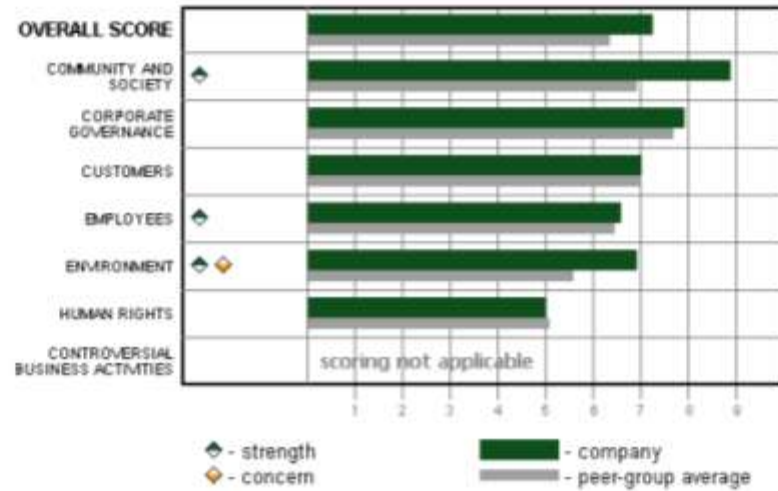
Suncor Energy Inc. (SU)
 112 - 4th Avenue S.W., P.O. Box 38, Calgary, AB T2P 2V5
www.suncor.com

Indices: TSX Comp., JSI, S&P/TSX 60
Sector: Energy
Industry: Oil & Gas
Peer-Group: Integrated Oil & Gas

FY 2006 Revenue (\$ millions): 15,829.0
Number of Employees: 5,766

Overall Score: 7.2
Rank: 1 of 4
Indexed Score: 1.14

Rating Summary



Evaluating risk: an evolving view of fiduciary responsibility

- Climate change
- Water
- HIV/AIDS

Rating companies



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Monday, January 21, 2008

EnCana Corporation (ECA)

Suite 1800, 855 - 2nd Street S.W., P.O. Box 2850, Calgary, AB T2P 2S5

www.encana.com

Sector: Energy
Industry: Oil & Gas
Peer-Group: Oil & Gas Exploration & Production

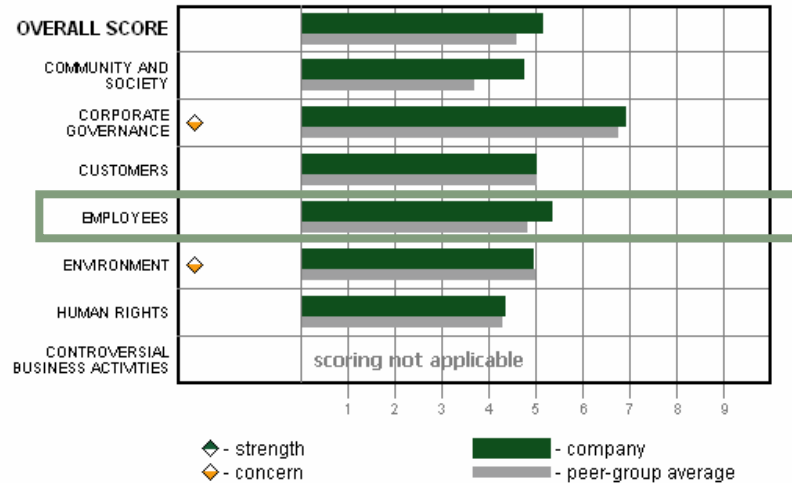
FY 2003 Revenue (\$ millions): 10,831.0

Number of Employees: 3,854

EnCana Corporation is involved in the acquisition, exploration and development of natural gas, crude oil and natural gas liquids.

Overall Score:	6.0
Rank:	2 of 10
Indexed Score:	1.14

Rating Summary





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EMPLOYEES

	Score	Rank (of 36)	Indexed Score	Peer-Group Average	Range
EMPLOYEES	5.3	15	1.11 (0.62 - 1.45)	4.8	3.0 - 7.0
Employee Programs and Benefits	1.9	12	1.05 (0.00 - 3.06)	1.8	0.0 - 5.5
Diversity	2.6	8	1.22 (0.00 - 2.23)	2.1	0.0 - 4.8
Health and Safety	7.1	11	1.21 (0.59 - 1.35)	5.9	3.5 - 7.9
Union Relations	5.0	1	1.19 (0.00 - 1.19)	4.2	0.0 - 5.0
Other Employee Data	10.0	1	1.00 (1.00 - 1.00)	10.0	10.0 - 10.0

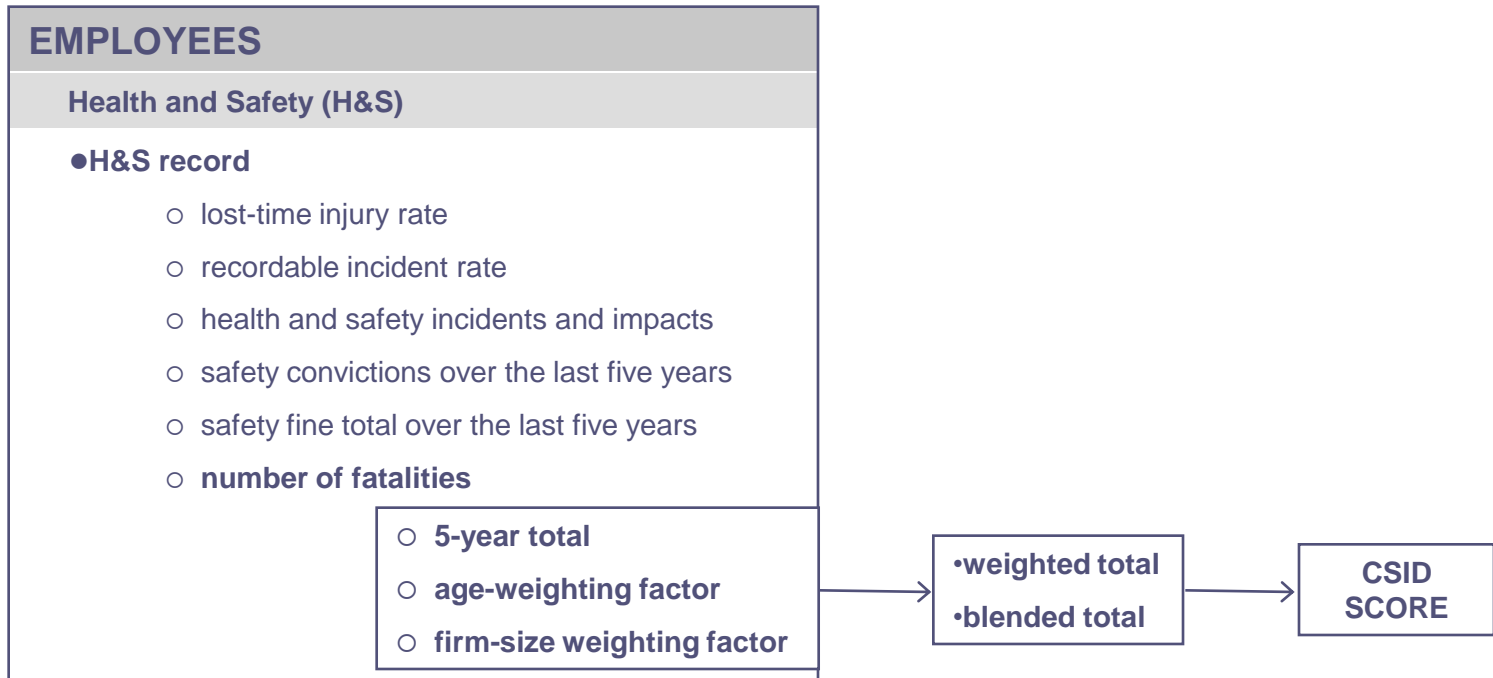
Health and Safety

EMPLOYEES

Health and Safety (H&S)

- formal H&S/wellness management system
- policy on occupational health and safety
- managerial structure and responsibility
- systems to monitor/track H&S data
- H&S audits/inspections
- performance objectives and targets
- employee training and communication
- public reporting on H&S
- occupational health and safety programs
- employee wellness programs
- H&S record
 - lost-time injury rate
 - recordable incident rate
 - number of fatalities
 - safety convictions over the last five years
 - safety fine total over the last five years
 - health and safety incidents and impacts

Health and safety incidents and impacts



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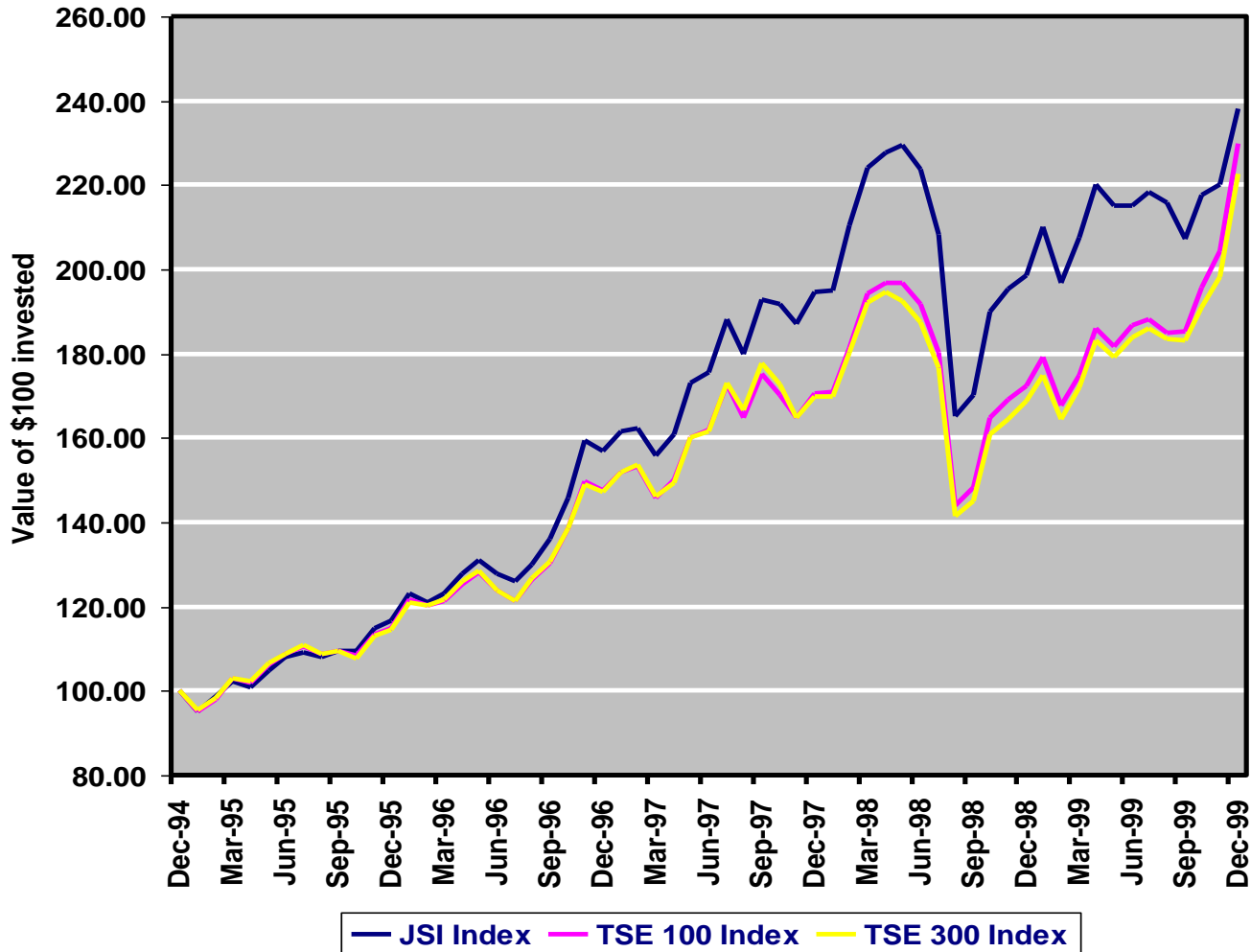
Rating Summary



What's the Opportunity?

- generation of alpha
- growing body of research highlighting link between superior sustainability performance and enhanced share value
- sustainability indexes
 - Jantzi Social Index[®]

Jantzi Social Index[®] - Backtest



Jantzi Social Index[®] - Backtest

	JSI	TSE 100	TSE 300
Annualized Return	18.93%	18.11%	17.35%
Std Dev (Risk)	16.12%	16.04%	15.76%
Sharpe Ratio*	0.802	0.755	0.720
* (Return-RiskfreeReturn)/StdDev [Assumed Rf=6%]			

JSI[®] - Comparative Values

(through November 30, 2007)

RETURNS	Nov 2007	3 mths	6 mths	1 yr	3 yr*	5 yr*	Inception*	Inception**
JSI	-5.63%	-0.10%	-1.82%	8.90%	17.19%	18.18%	8.53%	91.22%
S&P/TSX COMPOSITE	-6.22%	0.82%	-1.42%	10.01%	17.43%	18.22%	8.24%	87.13%
S&P/TSX 60	-5.78%	1.17%	0.29%	11.30%	19.06%	18.78%	8.03%	84.31%

Source: State Street Global Advisors (SSgA)

* Annualized ** Cumulative
(since 01/01/2000)

JSI[®] - Comparative Returns

(through November 30, 2007)

Comparative Returns: Dec 1999 - November 2007

