



Citigroup's long-term investment research report wins 2006/7 Farsight Award

"Towards Sustainable Mining" honoured by panel of independent experts

LONDON - 22 September, 2006: The Farsight Award, created to honour the best in long term research, has been awarded to Citigroup analysts Heath Jansen, Mike Tyrrell and Alan Heap. The inaugural award was presented by Sir Paul Judge at a Gresham College lecture in Cabot Hall in London's Docklands attended by more than 400 senior financial services industry professionals.

The award ceremony was followed by a lecture from Professor Werner Seifert, former CEO of Deutsche Börse, on globalisation.

The Farsight Award is a project between the Universities Superannuation Scheme and Gresham College with support from Z/Yen Limited and was formed in direct response to criticism of the increasing short-term nature of financial markets around the world. Its founders wished to honour the best individual piece of analysis by investment research institutions which integrates traditional financial analysis with longer term issues such as climate change, corporate governance and human capital.

The Farsight Award judges evaluated 11 exemplary research submissions from investment research firms Dresdner Kleinwort, NikkoCitigroup, Innovest, WestLB, Bernstein Research, Goldman Sachs, Citigroup, Cheuvreux, JP Morgan, and CLSA (where Credit Agricole is a major shareholder), containing nearly 1,000 pages of investment research. The Farsight Award judges are:

- ◆ Alice Chapple, Director of Sustainable Financial Markets of Forum for the Future;
- ◆ Dr Andrew Hilton OBE, Director of Centre for the Study of Financial Innovation;
- ◆ Jan-Peter Onstwedder, Global Head of Risk Management of BP plc;
- ◆ Professor Avinash Persaud, Chairman of Intelligence Capital Limited;
- ◆ Tessa Tennant, Chair of the Association for Sustainable and Responsible Investment in Asia;
- ◆ Professor Joshua Ronen of the Stern School of Business, New York University;
- ◆ Jack Wigglesworth, Director of Gresham College and ex-Chairman of LIFFE;
- ◆ Professor Michael Mainelli, Executive Chairman of Z/Yen Limited, who also chaired the panel of judges.

The judges gave an honourable mention to three other pieces of research which they felt made a significant contribution to long-term investment decisions:

- ◆ "Nanotechnology" from Innovest, written by Heather Langsner and Sondra Martinez
- ◆ "Mobility in a Flat World" from West LB, written by Dr Hendrik Garz and Claudia Volk
- ◆ "Obesity" from JP Morgan, written by Arnaud Langlois, Pabloe Zuanic, John Faucher, Celine Pannuti and Josh Shannon.

The Farsight Award builds on the success of the Enhanced Analytics Initiative (EAI), an international collaboration between asset owners and asset managers aimed at encouraging better investment research and which incentivises [research providers](#) to compile more detailed analysis of



The Farsight Award 2006/2007 PRESS RELEASE



extra financial issues *within* mainstream research. The Initiative currently represents total assets under management of €802 billion (US\$1,000 billion)

Over the past three months, Enhanced Analytics Initiative members have submitted outstanding pieces of analysis to the Farsight Award judges. The research covered issues such as nanotechnology, global water shortages, global logistics, alternative energy, sustainable mining, obesity, environmental liabilities and climate change. The criteria for the Farsight Award are originality, quality, readability and clarity, sophistication and depth, and financial usefulness.

The Chairman of the Judges, Professor Michael Mainelli, Mercers' School Memorial Professor of Commerce at Gresham College and Executive Chairman of Z/Yen Limited, said:

"We hope that the Farsight Award helps investment research institutions realise that there is a growing demand for longer-term research within the financial services industry, and helps the leading institutions gain recognition for their efforts. The panel of judges were particularly pleased with Citigroup's report as they felt it set out a framework for analysing sustainable investment opportunities in a difficult environmental sector, mining. While this year's contestants were excellent, we hope next year's research submissions challenge even more basic assumptions and extend the scale of empirical research surrounding the long-term issues of investment."

Andrew Pitt, Head of Citigroup Investment Research, Europe, said;

"With sustainable development becoming an increasingly important driver of industrial change, Citigroup is committed to ensuring that our research reflects and anticipates this trend. In the mining sector, the impacts are already pronounced and it is therefore entirely appropriate that our risk analysis for the sector is fully sensitised to emerging environmental and social priorities"

Sir Paul Judge, presenting the award, said:

"Technological advances have led to the world becoming closer and business time scales being reduced. However the world still needs to give proper weight to the longer term which the Farsight Awards are designed to promote. This perspective is true not only for social but also for business reasons: those financiers who can capitalise on a long-term opportunity will stand out from the pack and make the exceptional returns"

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For further information, please contact:

Capital MS&L - Claire Maloney / Astrid Josephson on +44 (0) 20 7307 5330 or firstname.lastname@capitalmsl.com

Citigroup - Olivia Baker on +44 207 986 5605 or olivia.baker@citigroup.com



Notes to Editors:

About Gresham College

Gresham College was founded by Sir Thomas Gresham in 1597 and is an independently funded educational institution supported by the Mercer's Company and the City of London.

Based in Barnard's Inn, Holborn, in the centre of London it provides free lectures by its eight professors of astronomy, commerce, divinity, geometry, law, music, physic and rhetoric.

The lectures were established by Sir Thomas, a leading London merchant who financed the Royal Exchange, and are designed to engage Londoners in the study, teaching, research and intellectual debate on matters which concern the city.

Previous lecturers have included philosopher, architect and astronomer, Robert Hooke, Sir Christopher Wren, Professor Colin Pillinger, who headed the British –led Beagle-2 expedition to land a craft on Mars, and renowned mathematician Sir Roger Penrose. Astronomer John D Barrow is one of the current professors.

*Most lectures are held at the college but please check the website, www.gresham.ac.uk, as venues can sometimes change.

About the Enhanced Analytics Initiative

The Enhanced Analytics Initiative is an international collaboration between asset owners and asset managers aimed at encouraging better investment research, in particular research that takes account of the impact of extra-financial issues on long-term investment. The Initiative currently represents total assets under management of more than €802 billion (>\$1,000 billion).

EAI incentivises research providers to compile better and more detailed analysis of extra financial issues within mainstream research. Its impact depends on offering credible market incentives to interested and appropriate research agencies to encourage them to adapt their research process and to become more innovative.

About extra-financial issues

Academic analysis indicates that a substantive part of a company's value is related to its extra-financial performance or intangibles. Extra-financial issues are best described as fundamentals that have the potential to impact companies' financial performance or reputation in a material way, yet are generally not part of traditional fundamental analysis.

Extra-financial issues typically include, but are not limited to, climate change, corporate governance, employment standards, human resources, executive remuneration, environmental and social areas and reputation risk. They may be specific to a company, an industry or cut across several industry-groups.