

For the Board of Directors



Dear Shareholders,

In the past year we have all been deeply affected by the horrific terrorist attacks in the USA, the war in Afghanistan and the attack in Zug. With the collapse of Enron, the USA has experienced the largest corporate bankruptcy in its history. Closer to home, the grounding of Swissair damaged the reputation not only of an institution that for decades symbolized Switzerland, but also of the country itself.

These events have raised social, political and economic questions. Discussions about the negative consequences of uncontrolled globalization, shortcomings in corporate governance and the uneconomical use of natural resources are spawning further changes in the corporate environment. The growing urgency in demands for greater credibility and transparency creates major challenges for firms. However, new questions may also point the way to a promising future. We are convinced that all viable alternative actions will accord the concept of sustainability a significant role, both at the level of society as a whole and of individual companies.

The extremely difficult stock market environment in the year under review left its mark on the performance of the Sustainable Performance Group. The net asset value fell by 22.8% from CHF 584.60 to CHF 451.45. By comparison, the MSCI lost 15.3%. Unfortunately, we were unable to stage a repeat of last year's 18% outperformance. The SPG share price recovered again in the fourth quarter, although it lost 25.9% across the year as a whole.

We make every effort to provide you with the greatest possible transparency, and thus security, with respect to your investment. As one of the first investment companies in Switzerland, SPG has both its semi-annual and annual financial statements audited in accordance with IAS. We have redesigned our quarterly and monthly reports with the objective of giving you a deeper insight into the reasons for our investment recommendations. The latest information is always just a click away at www.sustainable.ch.

In 2002 Sustainable Performance Group will celebrate the fifth anniversary of its founding. It has notched up an impressive success since it went public in August 1997. In the period up to the end of last year, SPG's net asset value rose by 12.9% and its share price by 20%. This is equal to average annual growth of 2.8% in SPG's net asset value and 4.2% in its share price. On this basis, SPG has outperformed most reference indices. This is a pleasing financial result, and not only for you, our investors. SPG's performance in this period is an indication that well managed investments in leading sustainability companies enjoy competitive advantages and an attractive return.

A feature of the SPG companies is sustainable value enhancement. We are convinced that they fulfil in the best manner possible the prerequisites for survival in the emerging corporate environment. Moreover, by integrating economic, ecological and social criteria, these companies also contribute to the necessary sustainable rebalancing of our global environment.

The Board of Directors thanks you for your interest and your trust.

A handwritten signature in black ink, appearing to read 'E. Brugger'.

Professor Ernst A. Brugger
Chairman of the Board of Directors of SPG

For the Investment Advisor



Dear Shareholders,

Undoubtedly, 2001 will go down in history as one of the most difficult years for the stock market in recent decades. The big three economic regions were simultaneously engulfed by recession, in some cases with serious consequences for the rest of the world's economy. The attendant poor performance on the financial markets reflected the uncertainty among investors that is typical during periods of crisis. The Sustainable Performance Group was unable to escape the generally difficult stock market environment.

The qualitative aspects that are incorporated into company valuations through sustainability analysis last year prompted Switzerland's Federal Social Security Administration (AHV) and other institutional players to invest some of their assets on the basis of sustainability criteria. In various European countries and Australia, for instance, it is also becoming mandatory for pension funds to disclose the extent to which they consider ecological and social criteria when formulating their investment strategies. The number of companies evaluated annually by SAM in terms of their sustainable earnings potential has doubled to more than a thousand since 1999. In Switzerland, total sustainability investment has increased from CHF 0.5 to approx. CHF 5 billion in the past five years. SPG's investment volume has risen from CHF 73 million to CHF 278 million during this period.

In the first half of the year, we raised our private equity stake in the Canadian firm Xantrex. After September 11, we increased our existing shareholdings in Nokia, SAP and Swiss Re. We made new investments in Volkswagen, Pfizer and Novozymes. These companies occupy top positions in their respective sector in terms of sustainability. In the case of Novozymes, we are investing in the market leader in the production of enzymes for technical applications and for foodstuff and animal feed production. In the energy sector, the pioneer firms suffered from the difficult market conditions. In the rapidly growing sector of healthy foods, our investments in Starbucks and Whole Foods showed pleasing results. The share of sustainability pioneers amounted to 28% at the end of 2001, and that of sustainability leaders to 67%.

We are pleased to ensure even more transparent reporting in the form of the attached SAM company portraits. These detailed analyses provide you as shareholders with a comprehensive insight into the economic, ecological and social added value generated by the companies in the portfolio.

While exercising the greatest of caution, we will continue to devote our entire efforts to identifying innovative and future-proof companies for inclusion in the SPG portfolio, in order to achieve sustainable value growth and an attractive return for you as SPG shareholders.

A handwritten signature in black ink, appearing to read 'R. Ringger'.

Reto Ringger, CEO
SAM Sustainable Asset Management