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### Harvesting Opportunities: Investing in sustainable agribusiness

- **Population growth challenging food security**
- **Sustainable investment required to meet soaring demand**
- **Protection against inflation risks and exposure to emerging markets**

Global demand for food will soon outstrip supply unless there is substantial investment and innovation in sustainable measures, says a study released today by SAM, the investment boutique focused exclusively on Sustainability Investing.

The study, *Harvesting Opportunities for a Sustainable Food Supply*, traces the demand that population growth, increasing meat consumption and economic prosperity in emerging economies is placing on food production and looks at how the ability to meet this demand is being hindered by declining productivity and limited opportunities for expansion of agricultural land.

#### **Sustainable Investment opportunity**

The relative scarcity of food supplies is here to stay, meaning that food prices can be expected to continue to rise in real terms over the long run, potentially rising another 60% by 2050. The agribusiness sector is attractive for its ability to offer diversification to portfolios, protection against inflation risk and exposure to emerging markets.

**Jürgen Siemer, Senior Analyst, SAM:** *“Food security is an issue that is set to increase in importance over the coming decades. Population growth and the continuing improvement in diets around the world are things to celebrate; but they bring their own challenges. The only solution to these challenges is increasing investment in sustainable food supply.”*

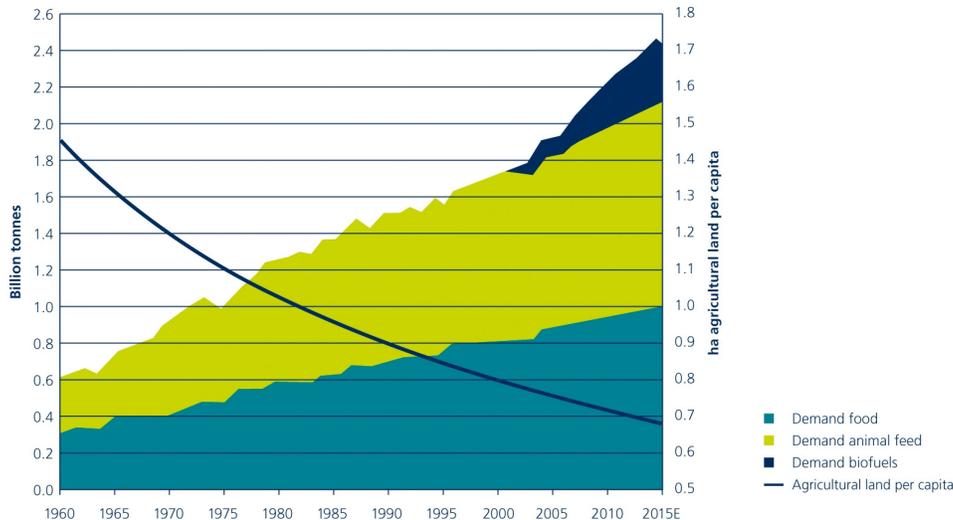
The study explains that agribusiness relies on natural resources such as agricultural land, which must remain productive well into the future. Firms providing sustainable agribusiness solutions grounded in efficiency and innovation can offer real incentives to investors.

**Siemer said:** *“Agribusiness has no choice but to be sustainable. Companies that operate sustainably tend to have more reliable supply chains, are better prepared to maintain their social license to operate, experience less volatility in their profits and losses, and are therefore better positioned to deliver greater shareholder value.”*

#### **Pressure on resources**

The pressure on resources can be seen in the average yield increases per hectare of farmland, which are currently below the amount required to guarantee sufficient future food production. SAM estimates that aggregate agricultural productivity would have to increase by an average of 1.3% per year globally over the next 40 years in order to meet the expected 70% increase in demand.

**Graph: Increasing food demand & declining agricultural land per capita, 1960-2015**



Source: WRI, Aquila, Robeco

**Changes in consumption**

Increased demand is particularly evident in the meat sector, where growth has been propelled by the Chinese market. In the last 30 years Chinese meat consumption has grown from 9 kg per capita per year to more than 50 kg. In other developing countries, annual meat consumption currently sits at 16 kg per capita and is expected to double by 2050. Livestock requires up to 8 kg of feed for every kg of meat produced. To accommodate increased meat consumption, the United Nations has estimated that soybean production, which is primarily a feed crop, will need to grow 135% by 2050.

**New study provides valuable guidance on a compelling asset class**

In order to capture the attractive investment opportunities in the sector, SAM has developed the *SAM Sustainable Agribusiness Equities Strategy*. Companies operating in four distinct ‘clusters’ have been identified for potential investment: Production, Producers, Processing & Logistics and Packaged Food & Beverages.

**Siemer said:** “By identifying solution providers that address the key inefficiencies in the food and agribusiness value chain while considering critical sustainability issues, SAM will ensure that investors are well-positioned to reap sustainable profits.”

***It’s about sustainability, not speculation:***

With global food production failing to meet rapidly increasing demand, it is important to invest in solutions that will ensure sustainable food production long into the future. Rather than encouraging speculation on the rise in food prices that many economists say is inevitable, SAM’s solution is to provide investors with tailored opportunities to invest in the firms and the innovators that will drive technological improvements in agriculture. As well as providing exposure to emerging markets, the predicted rise in food prices offers investors the safety of built-in inflation protection. By putting their money into sustainable solutions, investors may enjoy a healthy return whilst helping contribute towards better dietary standards around the world.

*Note to editors: The study "Harvesting Opportunities for a Sustainable Food Supply" is available in English and German, and can be ordered for free at: [com@sam-group.com](mailto:com@sam-group.com)*

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**About SAM**

SAM is an investment boutique focused exclusively on Sustainability Investing. The firm's offering comprises asset management, indexes, private equity and sustainability benchmarking services. Its asset management capabilities include a range of sustainability theme and broad ESG integrated investment strategies catering to institutional asset owners and financial intermediaries internationally. SAM partners with S&P Dow Jones Indices in the publication of the globally recognized Dow Jones Sustainability Indexes (DJSI). Based on its Corporate Sustainability Assessment, SAM has compiled one of the most comprehensive sustainability databases and analyzes over 2,000 listed companies annually. SAM's proprietary research and sustainability insight - through its direct contact with companies - are fully integrated into its offering.

[SAM](#) is a member of the global pure-play asset manager Robeco, which was established in 1929 and offers a broad range of investment products and services. Robeco is a subsidiary of the Rabobank Group, which has the highest credit rating of all privately owned banks, according to rating agencies Moody's, Standard & Poor's, Fitch and DBRS. Robeco is committed to both practicing and implementing its [Responsible Investing](#) principles group-wide. Within Robeco, SAM acts as the center of expertise for sustainability insight. In its domestic Swiss market, SAM also represents Robeco by handling sales, client services and marketing for Robeco's product range.

SAM was founded in 1995 on the conviction that corporate commitment to sustainability practices enhances a company's capacity to prosper, ultimately creating stakeholder value. As a reflection of its own commitment to advocating sustainable investment practices, SAM is a signatory of the UNPRI and a member of Eurosif, Asria and Ceres. SAM is headquartered in Zurich and employs over 100 professionals. As of June 30, 2012 SAM's assets under management and advice amounted to a total of USD 11.5 billion.

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