SGS INVESTOR DAYS 23-24 SEPTEMBER 2010, ROUEN



FORESTRY@SGS

Jeff Newell - EVP, Agricultural Services

September 2010

WHEN YOU NEED TO BE SURE

SGS

FOREST PLANTATION – WHY SGS?





- The pace and magnitude of investments in forests and forest plantations is growing
- Operators and investors require a fair assessment of forests and forest plantations
- In forest investments, specific external and internal risk and uncertainties exist
- Sustainability & forest management is a key element driven by legislation & public opinion
- SGS has developed a standard to identify risks & uncertainties by which forests will be independently assessed
- The SGS standard complies with the International Accounting Standards 41 (IAS 41 Agriculture)

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FOREST PLANTATION ASSESSMENT IN DETAIL







Main focus areas:

- Effectively planted area
- Tree numbers, heights and diameters
- Growth
- Volumes
- Silvicultural systems
- Timber price models
- Costs
- Internal risk assessments and risk management
- Valuation model
- Net present value

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FOREST PLANTATION
THE MARKET





- Approximately 165 Mio ha of forests worldwide are currently accessible to private investors
- Forest investments grew from less than 1 billion USD in 1990 to 50 billion USD in 2008
- Due to privatisation campaigns and disinvestments of vertically integrated corporations, future investable commercial timberland estimated at 1.1 billion ha, total value exceeding 700 billion USD

- Forest Investments by institutional investors started in the USA in early 1980s (TIMOs), in Europe in late 1990s (funds with direct investments)
- Main regions for forest investments: USA, Europe, South America, Australia/New Zealand, Asia, Africa

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LEVERAGE ACROSS THE SGS GROUP







- **Relevance to Current Strategy:**
  - Services Compliment Forest Products Initiative
  - SGS product portfolio with services to investors and forest managers
  - SGS offers tailor made programs designed to meet investors specific needs
- **Creation of synergies to current SGS offerings:**
  - GIS Forestry Monitoring Program
  - SSC Qualifor Forest Management Certification
  - Climate Change Program
  - Forest Product Inspection Services
  - Biomass Sustainability Program
  - Alternate Energy Program

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KEY STRATEGIC DRIVERS FOR SGS

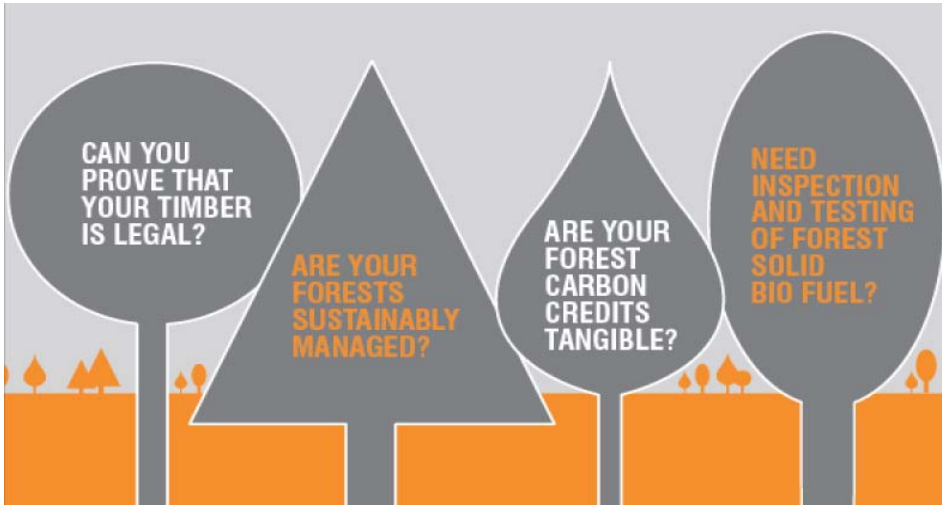


SPEED UP EMISSIONS VERIFICATION, PLEASE!

- This new initiative “closes the circle” in our Group’s forestry services portfolio
- Creates additional entry points into forestry and financial sectors
- Creates more synergies in combining new products with existing services in the forestry sector
- Perfectly synonymous with our vision to bring competitive advantage to our clients, to promote sustainable development, create trust in finance and trade and to help clients manage risk & uncertainty

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THE VALUE PROPOSITION



- Global PRESENCE on-site with investors as well as with forest managers
- Track record in all sectors along the FOREST PRODUCTS VALUE CHAIN including financial sector (competitive advantage versus forestry consultants, pure certification bodies, financial advisors, audit firms)
- Competent PERSONNEL with established forestry track record
- SGS REPUTATION in forestry sector
- A TRUSTED & INDEPENDENT partner embedded in the value chain

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2014 FOR THE COMPLETE PICTURE

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