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LONDON

Barbara Evans, Sustainability Analyst at RCM, a company of Allianz Global Investors comments:

"We would argue that if anything positive is to come out of the current environmental crisis in the Gulf of Mexico it should be further support for the integration of environmental, social and governance risks in fundamental company analysis.

"We believe that the spill has served to highlight the need for better management of all corporate responsibilities. There are three key reasons. Firstly, it has become evident that there are increased inherent risks in some sectors, be they operational, reputational, environmental, social or political, and specifically this spill has refocused attention on the ever more difficult and complex nature of extracting what have become known as 'unconventional' sources of oil and gas.

"We would argue that accessing the natural resources on which we are dependent is becoming increasingly challenging from a technical, environmental and political standpoint. It is not enough to simply understand the economics of a big resource discovery. If you are thinking about how a stock will perform or making an investment decision, then an extraction project of the kind we saw at the Macondo well in the Gulf of Mexico will not be successful unless all the companies involved have properly understood and prepared for all the environmental, social, political and regulatory risks that could be involved. Particularly in the case of BP, we believe that preparing for these risks means incentivising management in the right way: reward should not just be based on delivery at any cost, because that cost could be extremely high as we are currently seeing.

"Secondly, we think it is really important to focus on how stakeholders interact. These stakeholders come from a variety of places and include: suppliers, contractors, regulators, employees and local communities. BP and all its partners in Macondo will have a lot to learn from this incident in terms of how they conduct their relationships with each other going forward. Did Anadarko and Mitsui (co-owners with BP of the Macondo well) do enough to ensure that their financial stake in the project was safe-guarded from operational mismanagement, or did they just take BP's word that everything was progressing in a satisfactory, and safe, manner? Were BP, Transocean (owner of the rig and under contract to BP to drill the Macondo well), and Halliburton (supplier to BP of oilfield services) all working together to ensure best practice safety standards were being adhered to on the rig? And where individuals from any of those organisation had concerns, were they able to raise them and ensure they were addressed?

"Then finally, we believe an ability to demonstrate good environmental, social and governance risk management can be critical in maintaining a good reputation. You could argue that BP is learning the hard way that reputation is an increasingly important part of maintaining a company's licence to operate. Following the financial crisis and this current environmental catastrophe, politicians have an even greater mandate to take decisive action against companies that they believe, rightly or wrongly, are acting irresponsibly. So far this year, we've seen examples with action taken against Goldman Sachs by the US government, and now with BP. Both have felt the impact on their share price, in BP's case very significantly. We strongly believe that other companies with a prominent place in the public eye need to take note. The media and consumers now have an international focus and the pressure they bring to bear can be very powerful.

"In summary we would argue that for asset managers to be best equipped to avoid the financial effects of disasters such as the one in the Gulf of Mexico they must work harder to understand how company management is responding to environmental, social and governance issues in order to identify 'sustainable business leaders'."

- Ends -

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Notes to Editors

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Photographs

High-resolution photographs of our investment professionals are available to download here:

http://www.rcm.co.uk/press/04_fundmanagers.html

Awards

- RCM Highly Commended for Equities Manager of the Year, at the European Pensions awards 2010.
- RCM named winner of Active North American Equity at Pensions & Investment Provider awards 2009. RCM US Large Cap Select Growth is managed by Scott Migliori, CIO for US Equities, RCM.
- RCM named No.1 leading fund management firm for SRI Research by Thomson Reuters Extel 2009.
- Global CIO of RCM, Andreas Utermann, named CIO of the Year by Funds Europe magazine 2008.
- Winner of European Investment Trust of the Year by Investment Week magazine, 2008, for the RCM-managed Charter European Trust.
- Allianz RCM Global EcoTrends Fund named winner Best Climate Change Investment fund 2008, by Holden & Partners/ Incisive Media.

About RCM (all data source RCM as at 31/03/10)

RCM is a global asset management company providing active investment strategies. The firm operates from six offices — San Francisco, London, Frankfurt, Hong Kong, Tokyo and Sydney — with assets under management of over \$146 billion worldwide. At RCM we believe that by generating and exploiting an information advantage, we will be able to deliver superior and consistent investment results for the benefit of our clients—a philosophy we call RCM informed. RCM is a company of Allianz Global Investors, a pre-eminent global asset management group committed to helping clients achieve sustainable success. As a company of Allianz Global Investors, RCM offers a distinctive investment philosophy and culture, while benefiting from the scale and substantial resources of our parent; including business support, industry best-practices and financial investment. This enhances our ability to attract and retain talent, and provide superior insight and investment performance.

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