

Transparency Survey 2012

Responsible Investments & Philanthropy Services



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Imprint

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Please note that in chase of the free version CSSP Research provides you with the Methodology and the Executive Summary of this survey.
To get the paid extended version with all Modules (A-C) please contact us via e-mail on info@cssp-ag.com.

Editorial



CSSP is an independent consultancy that has specialised in strategy and sustainability questions in the area of socially responsible investments as well as corporate social responsibility. CSSP places considerable emphasis on sustainable investments that are increasingly growing beyond the pure aspects of assets into a new generation of specific strategies and communities so-called SRI 2.0. The focal points are new business models for capital investments (e.g. social business or philanthropic finance), web-based platforms for distributing information or non-listed investment securities directly connected to investors or capital objects (so-called impact investments including microfinance or climate protection investments).

CSSP considers itself to be a navigator in a constantly changing social, ecological and economic environment. For this reason, CSSP brings scientific and professional experts together to form a network of expertise. CSSP thus distinguishes itself by its interdisciplinary approach, specific know-how, many years of experience and independent consultation.

CSSP strives to promote market transparency through its business activities and, in doing so, contributes significantly to realising sustainable social, ecological and economic environmental development. Bringing values to fruition through innovative and demand-actuated solutions is the guideline and maxim of CSSP.

At CSSP, sustainability is practised from the inside out.



Foreword



Overuse of resources, environmental pollution, climate change, increasing shortages of food and energy demand constitute a threat to the well-being of humanity. As a consequence, the way we're doing business and the way we invest will change fundamentally in order to find a sustainable solution.

The financial market crisis has shown that it is no longer enough to simply consider the three dimensions risk, return and liquidity. New aspects have to find their way into the classical investment world. A concept, which was integrated into the capital markets during the last years is the concept of socially responsible or sustainable and responsible investments (SRI). In the meantime, all around the globe the number and diversity of market participants offering a wide range of products and services are steadily growing in line with this. Alongside with this growth and interest, SRI and Philanthropy are evolving and are getting more and more complex. A new challenge is emerging: finding one's way around.

For this purpose the "Transparency Survey 2012", conducted by CSSP, aims to give an overview on how financial institutions are using their websites as an effective instrument to deal with these new topics and challenges.

This year's transparency survey of CSSP Research carries out a qualitative and quantitative research of companies' websites while focusing exclusively on the five largest banks from the United States of America and Europe (ranked by total assets per 12/31/2010) as well as ten selected banks from the German-speaking area (Germany, Switzerland, Austria, Liechtenstein).

We hope that you find this survey interesting and thought provoking.

A handwritten signature in black ink, appearing to read "Oehri".

Oliver Oehri
Managing Partner
CSSP Center for Social and
Sustainable Products

A handwritten signature in black ink, appearing to read "C. Dreher".

Christoph Dreher
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1. Definitions & Methodology

About SRI

Numerous terms are used to designate financial investments with ecological, ethical, and social aspects, including green money, social investment, ethical investment, and sustainable investment. CSSP prefers the definition in accordance with Eurosif:

“Socially Responsible Investment or Sustainable and Responsible Investment (SRI), is a generic term, referring to the incorporation of Environmental, Social and Governance (ESG) issues into the investment process.”

There is a wide range of sustainable investments. There is no single valid, correct solution. Rather, the investment context, the values at stake, and the associated goals play an important role in making a suitable choice.

Nevertheless, certain distinct SRI approaches can be identified:

Negative criteria/ Exclusion themes - Negative criteria (also called exclusion criteria) serve to exclude companies or countries from the investment universe because they manufacture certain products, fail to meet certain social, environmental, and governance criteria, fail to meet the ethical demands of an investor, or violate international norms and standards.

A further distinction in this regard can be made between values-based and norms-based exclusion criteria. Values-based exclusion criteria in particular include criteria that cannot be reconciled with the personal values of the investor. Norms-based exclusion criteria are associated with violations of international norms and standards.

Common exclusion themes are: Alcohol, Animal Testing, Armaments, Tobacco, ...

Positive criteria/ Impact themes - While the goal of the exclusion criteria is to prevent certain investments, the focus of positive criteria is on the deliberate selection and integration of companies or sectors. A distinction is made between best-in-class and thematic approaches.

The best-in-class approach is used to evaluate companies or borrowers that are recognized leaders on environmental, social, and governance aspects. ESG criteria applied in this regard refer for instance to environmental and risk management systems, energy and resource consumption, training programs for employees, dialogue with stakeholder groups, board remuneration, and shareholder rights.

The focus of thematic approaches is on products and services of an organization. The goal is to invest in a sector whose products contribute solutions to ongoing challenges. In this regard, the immediate impact is becoming increasingly important.

Common impact themes are: Agriculture, Energy, Health, Microfinance, Water, ...

Aim of the Survey

The term “sustainability” carries special significance in today’s society. In particular, the concepts of socially responsible or sustainable and responsible investments (SRI) and Philanthropy characterise the growing interest in the media, markets and companies. Alongside with this growth and interest, SRI and Philanthropy are evolving and are getting more and more complex. In the meantime, numerous terms, approaches as well as continuous development are characteristic for these markets. For this purpose this survey aims to give an overview on how the investigated institutes are using their websites as an effective instrument to deal with these new topics and challenges.


Methodology

Scope

This year’s transparency survey of CSSP Research carries out a qualitative and quantitative research of companies websites¹ while focusing exclusively on the five largest banks from the United States of America and Europe (ranked by total assets per 12/31/2010) as well as ten selected banks from the German-speaking area (Germany, Switzerland, Austria, Liechtenstein).

 US: Bank of America Merrill Lynch, Citigroup, Goldman Sachs², JPMorgan Chase & Co, Wells Fargo

 EU: Barclays, BNP Parisbas, Deutsche Bank, HSBC, RBS

 Selected: Commerzbank (DE), Credit Suisse (CH), Erste Group (AT), Julius Baer (CH), Kaiser Partner (LI), LGT (LI), RZB (AT), Sarasin (CH), UBS (CH), Vontobel (CH)

Empirical Framework

In order to evaluate and rank the websites of all these financial institutions, CSSP Research did use an individual rating system with a maximum score of 24 points. The websites were evaluated during the period of 10/01/2011 to 12/31/2011 using the following two questionnaires:

Questionnaire 1 (Q1) provides answers whether and how these banks are communicating SRI and Philanthropy Services on their websites. Furthermore, it should become clear if they effectively communicate their products and services as well as cooperate with others institutes in the field of SRI. As a bonus, questionnaire 2 (Q2) provides additional information about the volume, number and thematic focus of their in-house SRI mutual funds on an aggregated level.

1 The analysis is based on public available information on the specific company websites. Please note that we did not consider any pending documents or brochures like CSR Reports etc. Only in case of Module C, further third party information was used and considered for the analysis.

2 Instead of the 5th largest Bank HSBC North America Holdings, which is a part of the HSBC Holdings (EU), Goldman Sachs Group was analysed.

Q1: SRI & Philanthropy Services

SRI

Communication:

Does the company communicate Sustainability and in further consequence SRI on their website?

In which way does the company communicate Sustainability and in further consequence SRI on their website?

Does the company have its own Sustainability respectively SRI portal?

Does the company provide a Blog dedicated to Sustainability respectively SRI issues?

Does the company communicate an internal SRI structure?

If they communicate an internal SRI structure, do they inform who the persons responsible for SRI are?

Does the company promote their SRI awards on their website?

Cooperation:

Does the company present any Sustainability or SRI seals of transparency or quality?

Does the company show its membership in various international Sustainability or SRI associations?

Does the company show its membership in various national Sustainability or SRI associations?

Does the company communicate that they are cooperating with other SRI companies?

If they are cooperating with other SRI companies, do they show with whom they cooperate?

Does the company communicate that they are cooperating with NGOs and universities, which are dealing with SRI topics?

If they are cooperating with NGOs and universities, active in SRI, do they show with whom they cooperate?

Note:

In order to evaluate the questionnaire Q1, CSSP Research used an individual Rating-System.

Products:

Are any SRI mutual funds presented on the company's website?

Services:

Does the company have a special Sustainability respectively SRI news portal on their website?

Does the company provide any Sustainability respectively SRI publications on their website?

If they provide any SRI publications, are some of them free of charge?

Are any Sustainability or SRI conferences promoted on their website?

Philanthropy

Communication:

Does the company communicate Philanthropy and in further consequence any services on their website?

In which way does the company communicate Philanthropy on their website?

Does the company have its own Philanthropy portal?

Does the company provide a Blog dedicated to Philanthropy services?

Is it possible to identify a link between SRI and Philanthropy?

.....
Note:

In order to evaluate the questionnaire Q1, CSSP Research used an individual Rating-System.

Q2: SRI Mutual Funds

Do the companies provide any in-house SRI mutual funds?

What is the size of all in-house SRI mutual funds measured by volume and number?

What is the size of the different Asset Classes measured by volume and number?

Do the in-house SRI mutual funds focus on specific topics?

Note: In order to evaluate companies' in-house SRI mutual funds, CSSP Research used the fact sheets, provided on the company's website or through third party providers, valid for the fourth quarter 2011. In order to determine whether an in-house SRI mutual fund can be classified as a thematic fund we used the top 10 positions as well as the top investment themes. For comparison purposes, we used the exchange rates EUR/CHF or EUR/USD per 12/31/2011.

Structure

The CSSP transparency survey is divided into three modules (A-C).

⦿ Module A and B provide you with the most important findings, on an aggregated as well as on a disaggregated level, of questionnaire Q1. On the aggregated level the analysis focuses on the following four groups:

👤 Group ALL: All banks together

👤 Group US: Top 5 US banks

👤 Group EU: Top 5 EU banks

👤 Group Selected: All individually selected banks from the German-speaking area

⦿ Module C provides a summary of the volume, number and thematic focus of their in-house SRI mutual funds.

2. Executive Summary

General

The term “sustainability” carries special significance in today’s society. In particular, the concepts of socially responsible or sustainable and responsible investments (SRI) and Philanthropy characterise the growing interest in the media, markets and companies. Alongside with this growth and interest, SRI and Philanthropy are evolving and are getting more and more complex. In the meantime, numerous terms, approaches as well as continuous development are characteristic for these markets. For this purpose, this survey aims to give an overview on how the investigated institutes are using their websites³ as an effective instrument to deal with these new topics and challenges. This year’s transparency survey of CSSP Research carries out a qualitative and quantitative research of companies websites while focusing exclusively on the five largest banks from the United States of America and Europe (ranked by total assets per 12/31/2010) as well as ten selected banks from the German-speaking area (Germany, Switzerland, Austria, Liechtenstein). US: Bank of America Merrill Lynch, Citigroup, Goldman Sachs⁴, JPMorgan Chase & Co, Wells Fargo. EU: Barclays, BNP Parisbas, Deutsche Bank, HSBC, RBS. Selected: Commerzbank (DE), Credit Suisse (CH), Erste Group (AT), Julius Baer (CH), Kaiser Partner (LI), LGT (LI), RZB (AT), Sarasin (CH), UBS (CH), Vontobel (CH).

Transparency Leaders

The evaluation of the questionnaire Q1 has shown that two institutes from the group EU with 19 out of 24 points respectively 15.5 out of 24 points as well as one of the Selected institutes with 17 out of 24 points rank among the top of the transparency survey. The best US institute ranks together with other institutes from the group Selected on the fifth rank.

Module A:

SRI

Communication:

The transparency survey has shown that 90% or 18 of all investigated institutes communicate Sustainability and in further consequence SRI on their website. Of this 90%, 39% do present the topic on their front-page, 33% on their sub-page and in case of 28% the topic has to be searched. Especially, the group EU and Selected are actively communicating and do present the topic on their front-page, while in case of the group US the topic has to be generally searched on a sub-page. In few cases, some of the most active institutes provide a specific portal or a blog dedicated to Sustainability and in further consequence SRI issues. In the meantime, 65% of all the investigated institutes are communicating an internal SRI structure, whereas only four of them are communicating who are the persons responsible for SRI. In 8 of 20 cases the institutes are promoting their SRI awards on their website, whereas 2 are from the group EU, 5 from the Selected and 1 from the group US.

³ The analysis is based on public available information on the specific company websites. Please note that we did not consider any pending documents or brochures like CSR Reports etc. Only in case of Module C, further third party information was used and considered for the analysis.

⁴ Instead of the 5th largest Bank HSBC North America Holdings, which is a part of the HSBC Holdings (EU), Goldman Sachs Group was analysed.

Cooperation:

85% or 17 of all investigated institutes present any Sustainability or SRI seals of transparency or quality; it is especially worth noting that all institutes of the group EU as well as 9 of the group Selected do actively promote such seals to promote transparency. 30% or 6 institutes from which 4 are from the group Selected and 2 from the group EU are showing their membership in various international Sustainability or SRI associations. Having a look on the memberships in various national Sustainability and SRI associations the picture looks quite the same, from the 7 institutes, which are showing their memberships 1 institute is from the group EU and 6 are from the group Selected. Of the 75% institutes communicating that they are cooperating with other SRI companies, 11 show with whom they cooperate. While having a look on the cooperation with NGOs and universities, 30% or 6 of the investigated institutes do cooperate from which 5 specifically state with whom.

Products:

65% of all investigated institutes show SRI mutual funds on their website, whereas especially the group Selected with 9 and the EU with 3 are active in promoting SRI mutual funds on their website.

Services:

60% of all the investigated institutes have a special SRI news portal, whereas especially the group Selected with 7 institutes and the group US with 3 are dominating. With respect to SRI publications available on the website, 65% of all investigated institutes provide any SRI publications; In particular, 4 of the top 5 US institutes, 7 from the group Selected as well as 2 from the top 5 EU are providing publications, whereas 12 of them provide any of their publications free of charge. Furthermore, 25% of all the investigated institutes promote any conference related to Sustainability respectively SRI on their website.

Philanthropy

The transparency survey has shown that 90% or 18 of the investigated institutes communicate Philanthropy on their website, whereas 17% do present the topic on their front-page, 50% on their sub-page and in case of 33% the topic has to be searched. On the individual group level, it can be seen that except the group Selected, Philanthropy could be generally found on the front or a sub-page and in few cases they have their own Philanthropy portal. For 7 of the investigated institutes a link between SRI and Philanthropy could be identified.

Module C:

The total assets under management of all in-house SRI mutual funds amount to Euro 7,763 million, of which the biggest part with 63% can be allocated to the group Selected, 35% to the group EU and the remaining 2% to the group US.

With respect to the number of in-house SRI mutual funds, the picture remains quite the same. CSSP Research could identify 83 in-house SRI mutual funds. The biggest part with 53 can be allocated to the group Selected, 27 can be allocated to the group EU and the remaining 3 can be allocated to the group US.

With respect to the size of the different asset classes measured by volume it can be observed that 54% are invested in equity, 14% in fixed income, 9% in liquidity, 8% in alternative investments, 7% in real estate and mixed portfolio and 1% in private equity. Again, with respect to the number of funds invested in each asset classes the picture looks quite the same. Of the 83 in-house SRI mutual funds 55 are invested in equity, 8 in fixed income, 9 in mixed portfolio, 5 in alternative investments, 2 in liquidity, real estate and private equity.

Furthermore, of all 83 identified in-house SRI mutual funds 47% or 39 have a thematic focus, whereas especially energy renewable with 25, energy efficiency with 21, water with 20 and carbon as well as mobility with 12 are the themes of most interest. On the group level, it can be seen that except the funds of the top 5 US institutes, 14 of the group EU and 25 of the group Selected do have a thematic focus.

Short Version / Executive Summary:

The short version is available for download at www.cssp-ag.com, completely free of charge. It provides you with the methodology as well as the Executive Summary of this survey.

Long version:

If you are interested in obtaining the complete "Transparency Survey 2012 - Responsible Investments & Philanthropy Services", please contact us (info@cssp-ag.com).

The long version consists of 56 pages and includes:

- descriptions of survey findings on an aggregated as well as disaggregated level
- detailed individual transparency rating fact sheet for each financial institution
- compendium of volume, numbers and thematic focus of in-house SRI mutual funds offered
- breakdown of findings and the impact on customers perception
- further information and how to improve in this regard

5. Annex

Glossary

Best-in-Class:

Investment strategy according to which companies are selected which meet the highest standards in their industries in terms of ecological, social, and ethical aspects.

Engagement:

A long-term dialogue between investors and companies with the goal of convincing management to take account of social, ethical, and ecological criteria. This dialogue includes the exercise of voting rights at general meetings, shareholder proposals, and questions raised at general meetings.

ESG:

Environmental, Social and Governance.

Exclusion Criteria:

One or several criteria prohibiting investments in certain companies or sectors in accordance with a sustainable investment policy.

Impact Investing:

Impact Investing is a growing area where investors look to both adopt SRI strategies and evaluate their outcomes. The onus is placed on monitoring and measuring the end results of strategies in portfolio construction with the ex-post assessment of SRI strategies as important as the rationale for strategy selection. One important example of Impact Investing is micro-finance investing, where the investment strategies are increasingly assessed for social and environmental impacts.

Negative Screening:

An investment strategy excluding sectors, companies, or countries that fail to meet certain social, ecological, and ethical criteria (e.g. armaments, pornography, tobacco, animal testing, violation of human rights, etc.).

Positive Screening:

Selection of companies that are especially good at meeting the corporate governance criteria set out in the investment policy as well as ecological, social, and ethical aspects. The positive criteria determine the companies in which a fund may invest. Popular criteria include work in renewable energy sources, compliance with human rights, and signing of the Global Contract.

Responsible Investment (RI):

RI is an area particularly popular among institutional investors and currently the most connected to the mainstream financial community. Responsible investors take into consideration the long-term influence of extra-financial factors such as Environmental, Social and Governance (ESG) issues in their investment decision-making. The Principles for Responsible Investment (PRI), developed by the United Nations in 2006, offer a framework for investors who are seeking to fulfil their fiduciary duties by integrating ESG factors into their investment processes.

Socially Responsible Investment (SRI):

SRI is an area often affiliated with the retail financial sector, which may incorporate ESG issues as well as criteria linked to a values-based approach. For example, it can involve the application of pre-determined social or environmental values to investment selection. Investors may choose to exclude or select particular companies or sectors because of their impact on the environment or stakeholders. Negative screening (such as weapons exclusions) and positive screening (such as best-in-class or thematic approaches) typically fall in the remit of such investments.

Sustainable and Responsible Investing (SRI):

SRI is a generic term covering any type of investment process that combines investors' financial objectives with their concerns about Environmental, Social and Governance (ESG) issues.

Thematic investments/ Impact investments:

Thematic investments may refer to an industry, such as water, energy, etc., or to a specific topic, such as the transition to sustainable development or a low-carbon economy.

Voting:

Voting refers to the exercise of shareholder voting rights at general meetings in order to influence or support corporate policy.

Definitions to the Methodology

Front-page:

CSSP uses the term "front-page" to refer to the main site.

Internal SRI Structure:

Does the company communicate any person or team responsible for any SRI Topics.

Philanthropy:

Especially for the Anglo-Saxon countries Philanthropy and Citizenship are likely to be used as synonymous.

Search:

CSSP uses the term "search" if one requires more than 3 clicks or has to use the search box to find content related to sustainability and in further consequence SRI.

SRI Awards:

The Awards have to be related to SRI, CSR Awards have not been taken into account.

SRI News Portal:

To be classified as a “SRI News Portal” either it should be possible to sort the news portal according to sustainability or they have their own portal related to this specific topic only.

SRI Seal of Transparency or Quality:

To be classified as a SRI seal of transparency or quality an organisation has to commit their operations and strategies to specific, Sustainability or SRI seal of transparency or quality.

Sub-page:

CSSP uses the term “sub-page” to refer to any pages, which can be found within 3 clicks. (No usage of the search box)

Sustainability Blog:

To be classified as a “Sustainability Blog”, the Blog has to be focused on sustainability and in further consequence SRI.

Sustainability or SRI Seal of Quality or Transparency:

Any seal of transparency or quality awarded by any independent professional sustainability respectively SRI Institute (No CSR Awards are included).

Sustainability Portal:

To be classified as a “Sustainability Portal” an own window has to pop up, which is devoted to sustainability and in further consequence SRI only.

Company Websites

www.barclays.com
www.bnpparibas.com
www.citigroup.com
www.credit-suisse.com
www.deutsche-bank.com
www.erstegroup.com
www.goldmansachs.com
www.hsbc.com
www.jpmorganchase.com
www.juliusbaer.com
www.kaiserpartner.com
www.lgt.com
www.rbs.com
www.rzb.at
www.sarasin.com
www.ubs.com
www.vontobel.com
www.bankofamerica.com
www.commerzbank.com
www.wellsfargo.com

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