

CSRR-QS Stakeholder Consultation

Comprehensive Summary

1. Interviews

Benelux

Netherlands (Roundtable, September 20, Amsterdam)

Mr. J.W. Hofland, Fund Manager, Mees Pierson / Triodos
Mrs. M. Sol, Dir. Stocks, PGGM
Mr. F. de Graaf, analyst, PGGM
Mr. H.J. Boer, fund Manager, ING Investment Management
Mr. M. Smidt, Association of Investment analysts / Rabobank
Mr. Th. Ursem, consultant, KPMG sustainability
Mr. J. Piet, Accountant, Transparability

Belgium (Interviews)

Herrman Siebens, Hefboom
Dirk Coeckelbergh, ex-Bacob Bank, ex-Dexia Bank
Erik de Keuleneer
Luc van Liedekerke
Luc Hens
Luc Weyn, Netwerk Vlaanderen
Eric de Smedt, independent consultant
Olivier Decock, governmental commission on SRI

France

Roundtable (July 8, Paris)

Pascale Sagnier, Axa Asset Management
Martine Léonard, CIC
Robin Edme, FIR (Forum for Responsible Investment)
François Fatoux, ORSE (Observatory for Corporate Social Responsibility)
Blaise Desbordes, Novethic
Stanislas Dupré, Amnesty International
Aurèle Clémencin, Greenpeace
Georges Haig, specialist in social audit
Sylvie Fernandez, AFNOR

Face-to-face

Jean-Philippe Liard, CFDT
Bernard Mazzaschi, directeur administratif, petits frères des Pauvres
Françoise Quairel, University Paris Dauphine

German speaking countries

Face-to-face

Walter Kahlenborn, MD Forum fuer nachhaltige Geldanlagen (German SIF)
Andrea Ramisberger, MD INrate, Switzerland
Mr Koester, Mr Schnella, DIT (Dresdner Bank), FM SRI, Germany
Clemens Peinbauer, Kepler, FM SRI, Austria
Christian Kornherr, Verein für Konsumenteninformationen (VKI), Austria
Kathrin Graulich, Project Manager, Oeko-Institut, Germany

Roundtable (in cooperation with SIF, held on September 9, 2005, Hanover)

Dr. Helge Wulsdorf, KCD Funds
Dr. Aiko Bode, Gerling
Mr Brunk, independent certifier
Sascha Roth, Volkswagen
Stephan Haug, Bayer
Axel Hesse, sustainability consultant
Dr. Milke, Chairman Germanwatch
Ms Bauer, Foundation Soziale Gerechtigkeit

Italy

Roundtable (in cooperation with SIF, held on September 13, Rome)

Davide Dal Maso, Italian SIF and Avanzi SRI Research
Cristina Bedini, Italian SIF
Giulio Zanaboni, Banca Popolare di Milano
Silvia Scopelliti, Banca Intesa
Del Conte, Banca Antonveneta and FALCRI (Trade union)
Emanuela de Filippo, CILS (trade union)
Barbara Marziali, Movimondo
Matteo Bartolomeo, Avanzi SRI Research

Face-to-face

Mauro Meggiolaro, Etica
Cristina Bedini, SIF

Sweden

Face-to-face

Filippa Bergin, Amnesty Business Group
Nadine Viel Lamare, First Swedish National Pension Fund (AP1)
Henrik Lindholm, Fair Trade
Sara Ellström, SIS - Swedish Standards Institute
Sarita Bartlett, SWESIF / IN2SRI
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United Kingdom

Face-to-face

Sagarika Chatterjee – F & C Asset Management
Jennifer Kozack – Insight Investment
Julie McDowell – Standard Life Investments (by email)
Nick Robins – Henderson Global Investors
Jayn Harding and David Harris, FTSE4Good Index
Seb Beloe – SustainAbility
Alan Knight – AccountAbility
Penny Shepherd UK Social Investment Forum

Roundtable (August, London)

Chris Knight – Environment Agency
Jane Goodland – Henderson Global Investors
Paul Scott – Next Step Consulting
Lucie Sinclair – CO3 Consulting
Wayne Fletcher – CoreRatings
Gerrard Llewellyn – Ethical Screening

Altogether 72 people gave their view in the course of consulting with our stakeholders.

2. Knowledge

- Most of the interviewees have heard about the VQS (except in Italy, where nobody has heard about it – in France only one person at the roundtable knew of it)
- There is no knowledge beyond that expert group. Some people expect the news about it will spread as soon as the standard is used. Others suggest that we should step up our communication efforts, e.g. by organising a conference when it will be launched.
- Most people we talked to thought there is a need for a VQS-type standard. BUT there is a lot of confusion about the objectives and the content of it. This comes across in particular in the Netherlands (“first of all the sector association should make crystal clear what their purpose is”) and in the UK.
- However, there is SOME understanding of the overall objectives, which was pointed out at the Amsterdam roundtable (“It is clear that this QS is not intended to compete on methodologies, but rather to be transparent. [To be transparent while retaining one’s own identity]”)

3. Process

- Key concern regarding process was the involvement of other CSRR groups:
 - Netherlands “Why are Core Ratings, Innovent, others not part of the AI and/or the QS system?”
 - UK “And all groups [except Accountability and to some extent SustainAbility] thought VQS should be open to all SRI research groups or else it has no use to them. They wanted it to be market driven, to encourage, not [as they see it does] discourage diversity and innovation – it should not be a blue print for how research should be done but a tool for understanding what different groups do – involve them all!”
- Most stakeholders see independent verification of research groups’ allegations as a key element of the standard (except Sweden where people thought third party verification could do damage)
- And most stakeholders agree with the concept of AI CSRR being the owner of the VQS, if there will be some independent supervision (through an advisory board):
 - UK “Nearly all were ok with AI CSRR owning it – some said having an independent board to be its guardian would be best.”
 - Belgium: “Is AI CSRR going to provide auditing and verification? If not, isn’t it a good idea to make AI CSRR the controller later on?”

Other issues raised include:

- “One should prevent the CSRR matrix to become a standard because CSR is not yet stabilized.” (France)
- “It is considered very important to understand the concept of confidentiality, especially related to the possibilities / suggestion of insider trading. The choice has to be made between the ‘Reuter’ type work, based on collecting ‘public’ available information on companies, or ‘broker’ type research where special one-to one information is the trademark.” (Netherlands)

4. Content

- The key issue of the entire exercise is transparency:
 - Italy “More than harmonisation, the standard should promote transparency”
 - Germany “The key achievement of the standard will be an increased transparency & intelligibility re CSR / sustainability research”
 - UK “Investors wanted VQS to focus on transparency, accountability, quality management” - Sweden “Transparency is the actual issue, more than quality”
 - France “ The standard should require balanced sources but cannot impose a specific method

to reach this criterion. It is more relevant if the agency shows transparency about the way it collects information”.

- Most stakeholders thought the Quality Standard and the Transparency Matrix are “too complex”. This box was ticked in virtually all face-to-face interviews:
 - Italy “The matrix and the entire process seems quite complex to address relatively simple problems.”
 - UK “TM seen as too complex and unusable.”
 - France “The CSRR-QS standard is too long and complicated.”
 - Germany “most interviewees wanted an “easy access” to the transparency matrix and more focused information”.
- A number of stakeholders were commenting on the lack of a “learning” and “target setting” perspective:
 - Belgium “I miss one uttermost important point: the dynamic approach of ethics, the concept of a learning organization. I believe that this is right the next step to the 4th and the 5th generation screenings, standards and labels.”
 - UK “many said it needs to set targets for improvement and how they will be met by when [not asking for them all to be listed but asking for research groups to make these clear]”
- It was a further key concern in most countries to make clear what is required by the standard (regarding independence, scope of research etc.) and what is an information aspect of it (eg number of companies under research etc):
 - Germany: “All people wanted to know what a mandatory requirement of the standard is and what additional information is”
 - France “There is an obvious conflict of interest between declarative and solicited notation that the matrix should take into account.”
- A number of interviewees see the standard as being too output driven:
 - UK “the near universal response [only 2 or 3 groups thought differently] was that it is too output driven since it is too prescriptive. By dropping any methodological and related requirements that define what the research should contain this can be solved they said.”

Other issues raised include

- The standard is built for large organizations and excludes small and specialized agencies. (France)
- It was questioned whether it is useful to distinguish between research groups and research methodologies (all research groups should be able to show methods, documentation etc. on all methodologies) (Germany)

5. Use and communication

- People think about using it in marketing material, as a proof towards clients etc. (if the remaining problems are resolved)
- They also think more communication is needed re the standard (launching event)