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ESG-Analysis of listed companies – further need for data ?

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1. Sustainability Analysis:
 - How we proceed
 - What we finally aim at
2. Key challenges with ESG data:
 - For the sustainability analyst
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3. Conclusion

Notenstein – a forward-thinking Swiss private bank

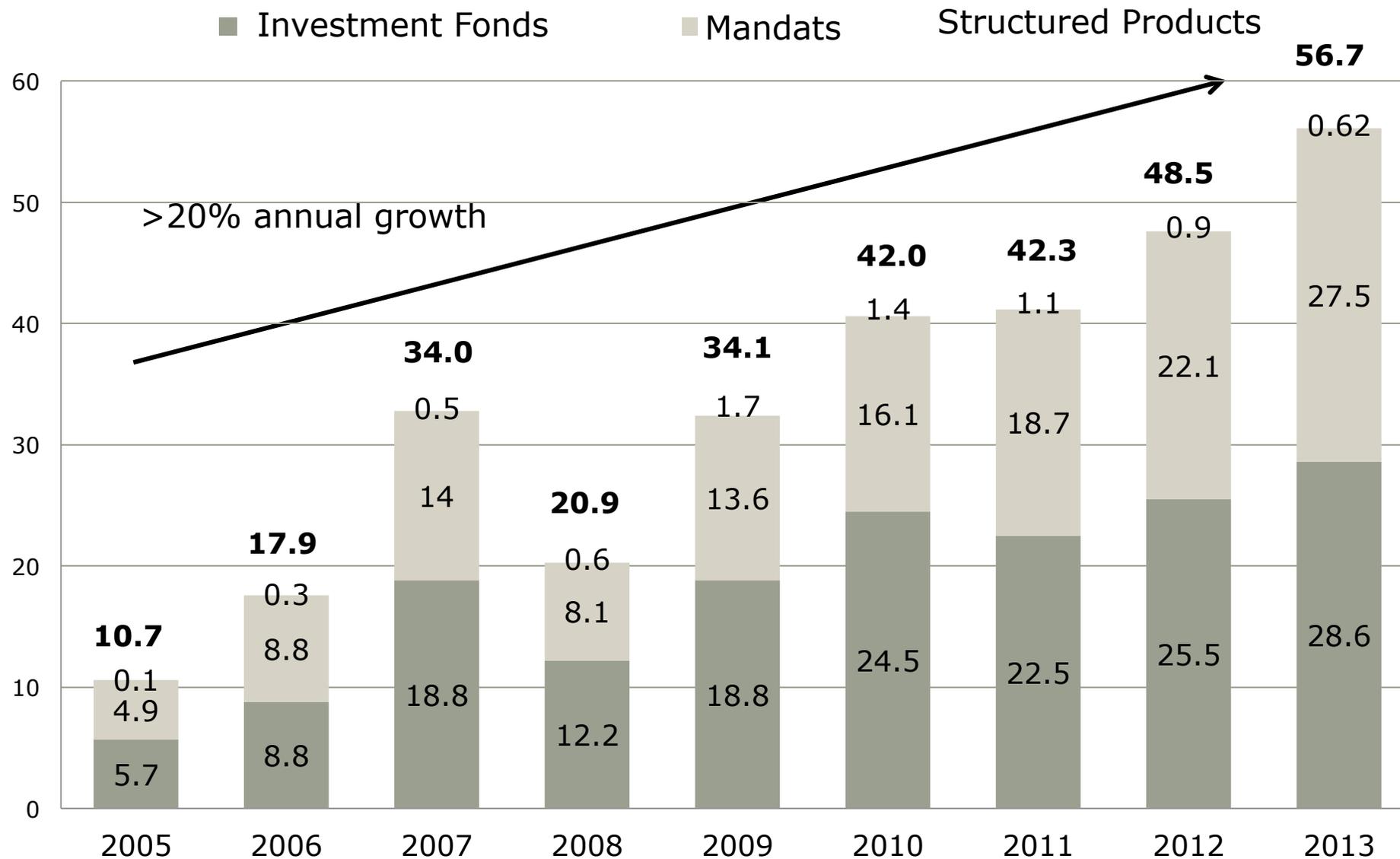
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- Specialised in wealth management and advisory services for institutional and private investors
- Our core offering is sustainable investments
- Limited company owned by Raiffeisen Switzerland (cooperative)
- Successor to Bank Wegelin & Co. Private Bankers, founded in 1741
- Well established with 12 branches throughout Switzerland
- About 700 employees
- Client assets under management: around CHF 21 billion, of which CHF 3.8 billion in the institutional clients business unit



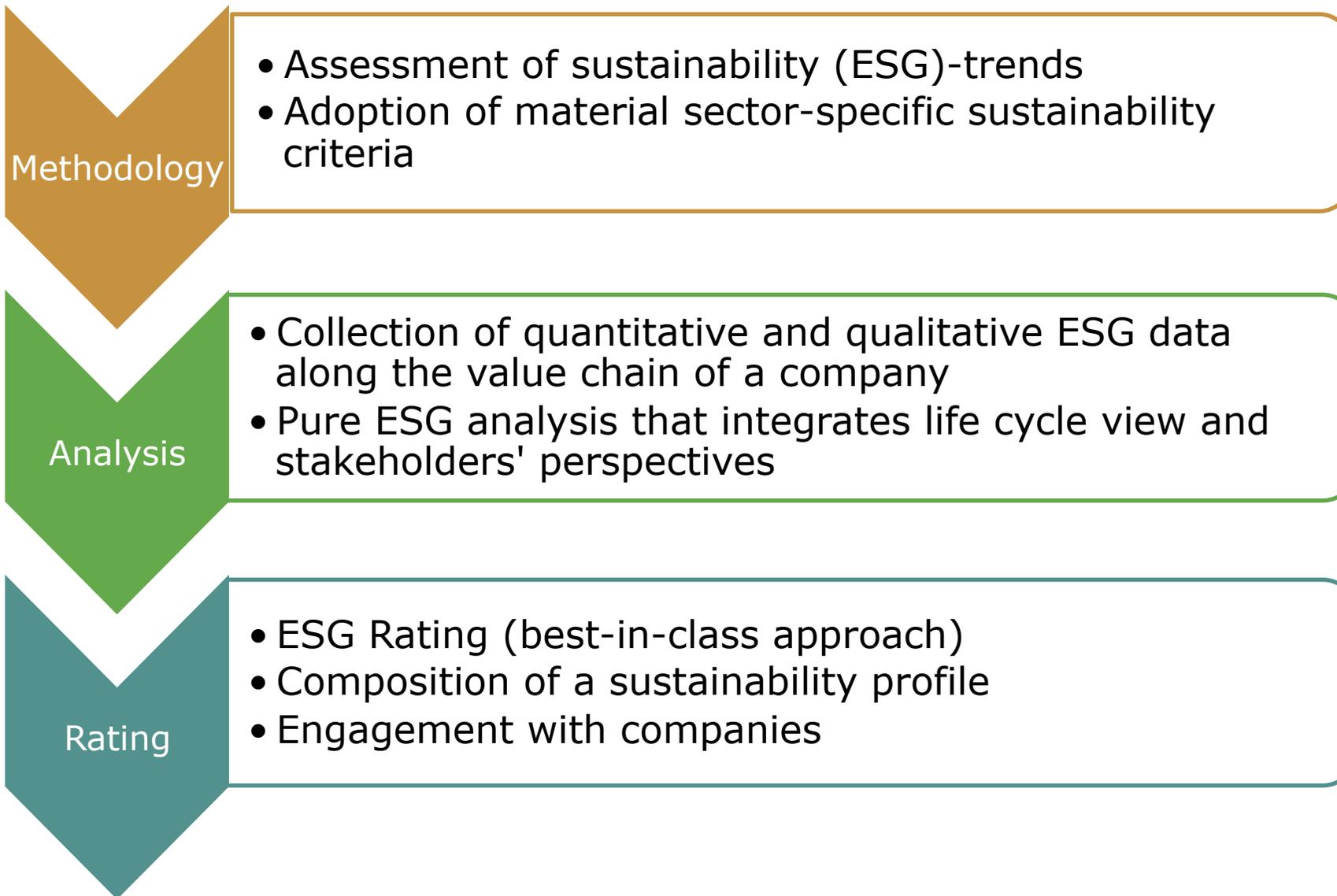
Sustainable investment in Switzerland (CHF bn)

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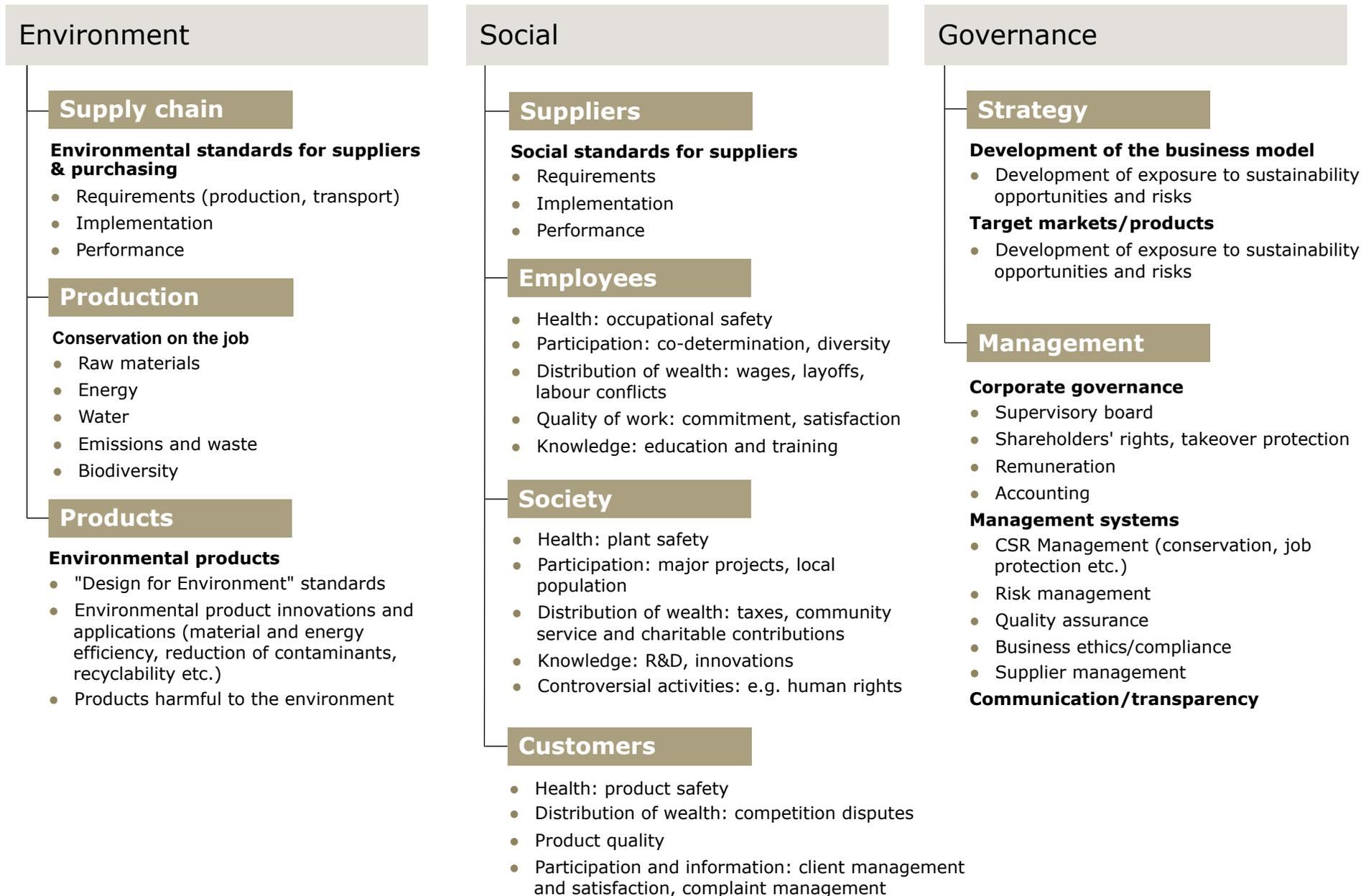
Sustainability Analysis: How we proceed

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As sustainability analysts, our key objectives are:

- Getting a good **understanding** on how companies manage their **ESG risks and opportunities**;
- Getting detailed quantitative data over a certain period of time as well as explanatory comments from companies helping to **understand** their **ESG policy and performance**;
- Being able to **trust** these data and use them to compare companies within a sector according to a **best-in-class** approach
- Building a sound ESG Rating to **support** the investment decision: sustainable or not sustainable?



From an **investor** perspective - key challenges with analysing ESG data:

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- getting detailed quantitative data instead of qualitative data
- getting data that are provided with fair background information
- getting comprehensive data that integrate a life cycle perspective, as well as stakeholders' concerns
- in getting standardised data that allow comparison and benchmarking within one sector
- in getting trustworthy and externally verified information

ESG data are the raw material for a sustainability analyst, however companies still don't speak the same language

From a **company** perspective: Key challenges with delivering ESG data

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Companies are under growing pressure to deliver ESG information, this may be challenging for the following reasons:

- "Questionnaire fatigue": some companies complain that they are piled with requests
- Too many standards: companies are offered different sets of reporting standards from sector specific to very general
- Lack of resources: some companies don't have the resources to meet stakeholder expectations in terms of sustainability reporting
- The missing regulatory level playing field: companies leading in transparency may be at disadvantage

We push companies for publishing data for the whole value chain:

- We look into the entire value chain of a company. For some sectors, Carbon Disclosure Project (CDP) scope 3 emissions data are of utmost importance, e.g. ICT, food, automobiles

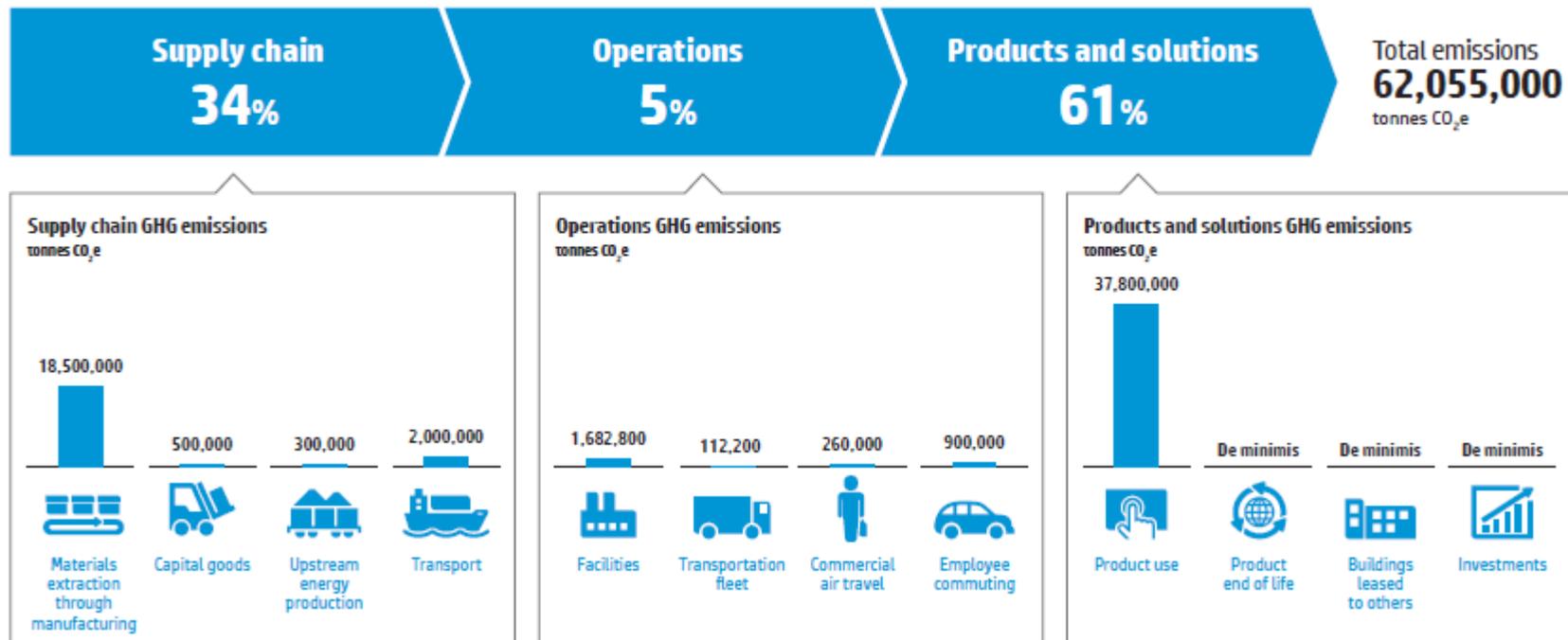
Given the challenges, what we reasonably expect as sustainability analysts:

- For now, basic but standardized data that cover the value chain and stakeholders' concerns
- For now, more industry initiatives promoting sector specific guidelines for reporting
- In the short term, more discussions and collaborative efforts leading to a common approach in reporting data along the life cycle

Use phase of ICT products and solutions (scope 3 emissions) represents the largest carbon footprint (for companies like HP, more than 60%)

- Few companies in the sector report on the energy efficiency of their products and the related carbon footprint of the use phase of their products
- Only few companies in the sector disclose scope 3 absolute and intensity targets

Our carbon footprint, 2013



To sum up, our response to the question raised in the title is:

- Yes, **we need further data that help assessing the ESG performance** of a company. In this regard, we welcome any initiative pushing for further life cycle data
- But first of all, **we need companies to speak the same language!**
 - Standardized data that help our analysis
 - More transparency from all companies, not only from leaders
 - More dialogue between companies
 - Industry initiatives that promote reporting standards

Many thanks for your attention

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