
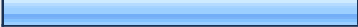




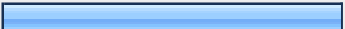




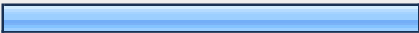
Is there an alternative to “Business as Usual” in financial markets?

1. Business as usual? Martin Wolf, Financial Times commentator, has said: “Has the world at least been learning the right lessons for future management of the world economy? I believe not. The financial sector that is emerging from the crisis is even more riddled with moral hazard than the one that went into it. Its fundamental weaknesses are not yet redressed.”		Response Percent	Response Count
He’s right, we must prioritise fixing moral hazard and the other weaknesses of the financial sector.		64.4%	134
I agree, but there’s little hope of it happening		27.9%	58
Not sure		3.8%	8
Disagree		3.8%	8
		<b>answered question</b>	<b>208</b>
		<b>skipped question</b>	<b>0</b>

2. Investment banks are rushing into golden hellos and senior bankers and regulators are saying they are concerned. So far there is no response from institutional investors. Which statement best describes what you conclude from this?

		Response Percent	Response Count
That's how it should be – this is a job for regulators and directors of bank		17.7%	36
<b>It shows that institutional investors haven't learnt anything from the crisis</b>		<b>55.7%</b>	<b>113</b>
Other (please specify)		26.6%	54
		<b><i>answered question</i></b>	<b>203</b>
		<b><i>skipped question</i></b>	<b>5</b>



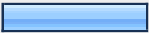


**3. The idea of a global Tobin tax on financial transactions – originally proposed to tax foreign currency speculation - has been proposed as a potential umbrella curb on excess banking/financial market risk. Do you think:**

		Response Percent	Response Count
It's an excellent idea – we need a Tobin tax to dampen speculation and we can use the revenue to invest in the shift to sustainability.		22.9%	46
<b>It's a reasonable idea, but imperfect, although we should be exploring similar top-down, global taxes.</b>		44.3%	89
It's a terrible idea, all top-down, global, Tobin-type taxes will never work.		32.8%	66
		Please comment further if you want to	43
		<b><i>answered question</i></b>	<b>201</b>
		<b><i>skipped question</i></b>	<b>7</b>



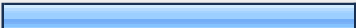


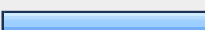
**4. The G20 summit in Pittsburgh on September 24 proposes to put forward global standards on pay structure in financial services: What regulatory aspects of pay and remuneration do you think should be put forward:**

	<b>Yes</b>	<b>No</b>	<b>Response Count</b>
Total salary and bonus cap	33.3% (61)	<b>66.7% (122)</b>	183
Post remuneration clawbacks	<b>75.3% (140)</b>	24.7% (46)	186
Bonuses paid over multi-year time-frames/deferral	<b>90.8% (178)</b>	9.2% (18)	196
Banning of guaranteed bonuses	<b>73.4% (141)</b>	26.6% (51)	192
Banning of golden parachutes	<b>76.4% (149)</b>	23.6% (46)	195
Publication of details of top earners within banks/financial services companies	<b>75.9% (145)</b>	24.1% (46)	191
Clear regulation/independence of compensation committees	<b>89.7% (175)</b>	10.3% (20)	195
Reporting of CEO pay versus next level and or median pay	<b>78.6% (151)</b>	21.4% (41)	192
	<b><i>answered question</i></b>		<b>202</b>
	<b><i>skipped question</i></b>		<b>6</b>


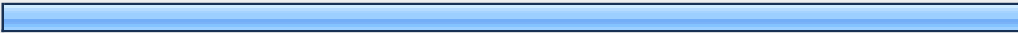


5. A growing number of investment experts now assert that the intellectual underpinnings of current economic and investment activity (eg Efficient Market Hypothesis, Modern Portfolio Theory) are seriously flawed and the chairman of the UK FSA, Lord Turner, has even suggested that the cost to society of the financial services industry may outweigh the broader societal benefits and that some product innovation has no or negative societal value. What phrase best captures your views about this debate?

		Response Percent	Response Count
I don't agree		12.7%	25
I agree but I don't think it's likely there will be change so there is no point in this discussion		7.6%	15
I agree and that is why I support sustainable investing because it is the solution		11.2%	22
<b>I agree and think this is also a very relevant debate for the sustainable investing community since a lot of what is done is predicated on the same investment/economic thinking that caused the problem</b>		<b>64.5%</b>	<b>127</b>
I don't have a view		4.1%	8
Please explain your thinking if you want to			37
		<b>answered question</b>	<b>197</b>
		<b>skipped question</b>	<b>11</b>

6. Do you think the current crisis has been good/bad for the promotion/take up of sustainability factors in investment?

		Response Percent	Response Count
Very good		8.0%	16
<b>Good</b>		<b>40.3%</b>	<b>81</b>
Neutral		27.9%	56
Bad		6.0%	12
Very bad		2.0%	4
I can't tell yet		15.9%	32
		Why do you think this?	60
		<b>answered question</b>	<b>201</b>
		<b>skipped question</b>	<b>7</b>

**7. A number of regulators have identified institutional investors as integral to restoring confidence/sustainability in financial markets in response to the credit crisis, and proposed related reforms (enhanced engagement, etc). What do you think of their responses so far?**

		Response Percent	Response Count
They're right and have proposed good measures to encourage this.		9.2%	18
<b>They're right, but their responses fall short of what is needed.</b>		<b>80.5%</b>	<b>157</b>
They're wrong, but we can live with their responses so far		6.7%	13
They're wrong and their responses are misguided and unnecessary.		3.6%	7
		Please expand if you want to	27
		<b><i>answered question</i></b>	<b>195</b>
		<b><i>skipped question</i></b>	<b>13</b>

**8. Paul Myners, UK Financial Services Secretary, has suggested that long-term, institutional investors should be given preferential market treatment. If you agree, what preferential market treatment would you support?**

		Response Percent	Response Count
<b>I don't agree!</b>		41.3%	81
I agree and support enhanced voting rights		21.9%	43
I agree and support saleable share votes		3.6%	7
I agree and support greater tax breaks on investment		21.4%	42
I agree and support enhanced share dividends		11.7%	23
Other ideas or please expand if you want to			39
		<b>answered question</b>	<b>196</b>
		<b>skipped question</b>	<b>12</b>





**9. Temasek, the Singaporean Sovereign Wealth Fund, recently announced its commitment to being “an active shareholder” and to “engaging the boards and managements” of the companies it invests in with the broad aim of “fostering growth for a sustainable future”, reflecting a sea change in their view of investment.**

**Do you think:**





	Yes	No	Response Count
Investors need to look more broadly at sustainability issues and the prevention of market crises as part of their fiduciary duty	91.6% (175)	8.4% (16)	191
The sole responsibility of investors is to deliver investment returns: governments create the regulatory parameters within which this can occur	27.0% (43)	73.0% (116)	159
	<i>answered question</i>		197
	<i>skipped question</i>		11

**10. Former CEO of General Electric Jack Welch said recently: "On the face of it, shareholder value is the dumbest idea in the world... Shareholder value is a result, not a strategy... your main constituencies are your employees, your customers and your products." What is your view on this:**

	<b>Agree</b>	<b>Disagree</b>	<b>Not sure</b>	<b>Response Count</b>
Investors should just focus on finding companies that deliver reliable shareholder returns – the rest is for management to work out	19.5% (37)	<b>69.5% (132)</b>	11.1% (21)	190
Other stakeholders beyond shareholders are more important than was previously realised and investors should adapt how they take this into account	<b>75.0% (144)</b>	10.9% (21)	14.1% (27)	192
Short term management thinking has been encouraged by short term assessments by shareholders	<b>89.7% (174)</b>	6.2% (12)	4.1% (8)	194
	<b><i>answered question</i></b>			<b>196</b>
	<b><i>skipped question</i></b>			<b>12</b>

11. On reflection as you've seen the crisis unfold, do you feel that institutional investors should share some of the blame for the financial crisis?			Response Percent	Response Count
Yes and I always thought this			68.2%	133
I did think "no" but now I'm more inclined to say "yes"			17.9%	35
I did think "yes" but now I'm more inclined to say "no"			3.6%	7
No and I always thought this			10.3%	20
			Please expand if you want	31
			<b>answered question</b>	<b>195</b>
			<b>skipped question</b>	<b>13</b>

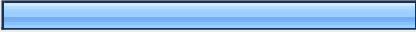
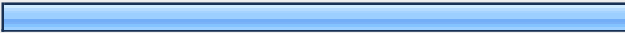

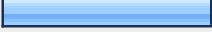
**12. One sustainable investing specialist recently said: “we will miss the coming carbon crunch and be sat around the table in a few years wondering why we did”. Which phrase best describes your response?**

		Response Percent	Response Count
It's overstated - there's a good chance institutional investors will learn		11.9%	23
<b>I agree with the sentiment but I am a bit more hopeful we will learn</b>		<b>47.2%</b>	<b>91</b>
This is right - we will again fail to do what's really needed		29.0%	56
I don't agree with the basic argument		11.9%	23
		Any comments	20
		<b><i>answered question</i></b>	<b>193</b>
		<b><i>skipped question</i></b>	<b>15</b>

13. The shift to a low-carbon economy is viewed by some as one of the great investment opportunities of our age, and it might protect portfolios from a climate crash. How do you think institutional investors should be feeding into the debate on climate change ahead of December's Copenhagen summit? Indicate those you agree with

	Yes	No	Response Count
Lobbying for global carbon taxes	61.1% (110)	38.9% (70)	180
Lobbying for global emissions cap and trade agreements	74.3% (136)	25.7% (47)	183
Lobbying for mandatory carbon emissions reporting	87.8% (165)	12.2% (23)	188
Revising their portfolios to take into account carbon	83.8% (160)	16.2% (31)	191
		Please explain your thinking if you want to	23
	<i>answered question</i>		<b>197</b>
	<i>skipped question</i>		<b>11</b>

14. Which of these statements broadly reflects your view of climate change for institutional investors?			
	Yes	No	Response Count
It's a potential upside investment theme that we should be aware of but only one of many and the timing isn't certain so we shouldn't get carried away	60.0% (102)	40.0% (68)	170
It's both a risk and return issue for investors and we need to do more to protect against the risks	87.9% (153)	12.1% (21)	174
Institutional investors have a responsibility to their members to use their influence with companies and governments to limit climate change	83.6% (153)	16.4% (30)	183
Climate change has nothing to do with institutional investors	9.5% (16)	90.5% (153)	169
	<i>answered question</i>		195
	<i>skipped question</i>		13

15. How would you describe your organisation-and how it is positioned on sustainable investing?			
		Response Percent	Response Count
A well known sustainable investing player		32.6%	58
<b>Part of the mainstream – not particularly known for sustainable investing or not</b>		<b>49.4%</b>	<b>88</b>
Known for sustainable investing scepticism		1.7%	3
Can't say		16.3%	29
	Other (please specify)		24
		<b>answered question</b>	<b>178</b>
		<b>skipped question</b>	<b>30</b>

16. In your personal experience, what has been the impact of the crisis on the interest of the following groups in sustainable investing?					
	More interest	About the same	Less interest	Don't have contact	Response Count
Senior managers	26.3% (44)	<b>53.3% (89)</b>	12.6% (21)	7.8% (13)	167
Clients	<b>44.6% (75)</b>	34.5% (58)	7.1% (12)	13.7% (23)	168
Regulators	<b>42.0% (71)</b>	32.5% (55)	11.8% (20)	13.6% (23)	169
Media	<b>57.4% (97)</b>	26.6% (45)	7.7% (13)	8.3% (14)	169
Sales/Marketing	34.5% (58)	<b>45.8% (77)</b>	10.1% (17)	9.5% (16)	168
Research providers	<b>44.9% (75)</b>	34.1% (57)	10.2% (17)	10.8% (18)	167
				Any comments?	10
				<b>answered question</b>	<b>169</b>
				<b>skipped question</b>	<b>39</b>

**17. Which parts of your organisation would you say are taking the concept of mainstreaming sustainability thinking into investment as a serious factor in their business planning?**

	Very significant	Significant	Some	Little or none	Response Count
Front office investment PM/analyst teams	18.3% (26)	24.6% (35)	<b>39.4% (56)</b>	17.6% (25)	142
Back/mid office investment support teams	8.1% (11)	11.0% (15)	36.8% (50)	<b>44.1% (60)</b>	136
Marketing/sales	15.6% (22)	22.7% (32)	<b>44.0% (62)</b>	17.7% (25)	141
H.R.	5.9% (8)	11.9% (16)	38.5% (52)	<b>43.7% (59)</b>	135
Risk	8.6% (12)	19.3% (27)	<b>42.9% (60)</b>	29.3% (41)	140
Audit/compliance	6.7% (9)	14.8% (20)	37.0% (50)	<b>41.5% (56)</b>	135
Senior management team	17.4% (25)	29.9% (43)	<b>40.3% (58)</b>	12.5% (18)	144
Board of directors	13.7% (19)	28.8% (40)	<b>39.6% (55)</b>	18.0% (25)	139
Other (please specify)	25.0% (7)	3.6% (1)	32.1% (9)	<b>39.3% (11)</b>	28
				Please specify here	17
				<b>answered question</b>	<b>150</b>
				<b>skipped question</b>	<b>58</b>

**18. Going forward what kind of year on year growth (or decline) do you expect in the following types of Sustainable Investment?**

**2009**

	High growth	Some growth	Static/small decline	Large decline	N/a or no opinion	Response Count
Best in class	10.7% (13)	<b>57.0% (69)</b>	19.0% (23)	1.7% (2)	11.6% (14)	121
Engagement overlay	12.6% (14)	<b>51.4% (57)</b>	18.0% (20)	0.0% (0)	18.0% (20)	111
Mainstreaming	5.5% (6)	<b>49.1% (54)</b>	25.5% (28)	2.7% (3)	17.3% (19)	110
Thematic	21.8% (24)	<b>47.3% (52)</b>	18.2% (20)	0.9% (1)	11.8% (13)	110

**2010**

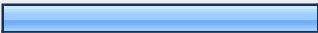


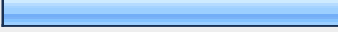
	High growth	Some growth	Static/small decline	Large decline	N/a or no opinion	Response Count
Best in class	15.7% (18)	<b>62.6% (72)</b>	12.2% (14)	0.0% (0)	9.6% (11)	115
Engagement overlay	20.5% (23)	<b>50.9% (57)</b>	11.6% (13)	1.8% (2)	15.2% (17)	112
Mainstreaming	10.8% (12)	<b>54.1% (60)</b>	17.1% (19)	0.9% (1)	17.1% (19)	111
Thematic	35.1% (39)	<b>44.1% (49)</b>	7.2% (8)	0.0% (0)	13.5% (15)	111

**Longer term**



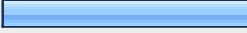
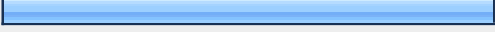
	High growth	Some growth	Static/small decline	Large decline	N/a or no opinion	Response Count
Best in class	38.3% (46)	<b>39.2% (47)</b>	11.7% (14)	0.8% (1)	10.0% (12)	120
Engagement overlay	35.1% (40)	<b>43.0% (49)</b>	6.1% (7)	0.9% (1)	14.9% (17)	114
Mainstreaming	31.9% (36)	<b>38.9% (44)</b>	11.5% (13)	3.5% (4)	14.2% (16)	113

Thematic	45.5% (51)	32.1% (36)	8.0% (9)	0.9% (1)	13.4% (15)	112
					Any comments?	15
	<b>answered question</b>					<b>128</b>
	<b>skipped question</b>					<b>80</b>


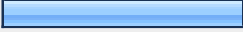
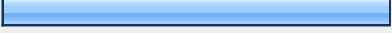

**19. Some commentators (e.g. [http://www.top1000funds.com/attachments/398\\_ESG%20Alpha%20Beta%20Framework.pdf](http://www.top1000funds.com/attachments/398_ESG%20Alpha%20Beta%20Framework.pdf)) have argued that since beta is more important than alpha in terms of matching liabilities, asset owners should be more interested in enhancing beta from market wide ESG improvements ("beta ESG") rather than looking to play opportunities for alpha related to ESG ("alpha ESG"). Which sentence best describes your view?**

		Response Percent	Response Count
I think beta ESG is more important than alpha ESG		24.7%	40
<b>I think alpha ESG and beta ESG are equivalently important</b>		<b>38.3%</b>	<b>62</b>
I think alpha ESG is more important than beta ESG		10.5%	17
I don't know/I don't agree with this definition		26.5%	43
		Please expand if you can	13
	<b>answered question</b>		<b>162</b>
	<b>skipped question</b>		<b>46</b>

20. This question is only for asset owners/investment consultants: Taking into account what you formally ask for (eg mandates) or informally send signals about (eg review meetings) what signal do you send to fund managers?

		Response Percent	Response Count
Beta ESG is more important than alpha ESG		11.3%	7
Alpha ESG and beta ESG are equivalently important		30.6%	19
Alpha ESG is more important than beta ESG		19.4%	12
<b>I don't know/I don't agree with this definition</b>		<b>38.7%</b>	<b>24</b>
		Please explain your thinking	4
		<b>answered question</b>	<b>62</b>
		<b>skipped question</b>	<b>146</b>

21. This question is only for buy-side/sell-side: If you generalise, what signal do you think asset owners and their agents, are sending today on this question (#15)?

		Response Percent	Response Count
Beta ESG is more important than alpha ESG		15.9%	11
Alpha ESG and beta ESG are equivalently important		18.8%	13
Alpha ESG is more important than beta ESG		30.4%	21
<b>I don't know/I don't agree with this definition</b>		<b>34.8%</b>	<b>24</b>
		Please expand if you can	3
		<b>answered question</b>	<b>69</b>
		<b>skipped question</b>	<b>139</b>

22. How would you principally describe your role?			
	Traditional investing	Sustainable investing	Response Count
Asset owner	43.5% (10)	56.5% (13)	23
Fund manager	58.2% (32)	41.8% (23)	55
Sell side analyst	16.7% (1)	83.3% (5)	6
Specialist ESG research provider	28.0% (7)	72.0% (18)	25
Association	28.6% (2)	71.4% (5)	7
		Other (please specify)	45
		<b>answered question</b>	<b>112</b>
		<b>skipped question</b>	<b>96</b>