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CSR ONLINE AWARDS 2010

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Lundquist CSR Online Awards 'Switzerland' 2010

Assessing online CSR communications based on stakeholders' needs

5 November 2010

CSR Online Awards 'Switzerland' 2010:
Annual study of online CSR communications in Switzerland
20 components of the SMI Index
77 evaluation criteria
100 points maximum
37.5 points average score obtained by Swiss companies
256 replies to survey from CSR professionals in **30** countries

Most Swiss companies fail to provide stakeholders with adequate CSR information online and to exploit the internet to establish dialogue. Nestlé, UBS and Credit Suisse perform best in online CSR communications.

The CSR Online Awards Switzerland returns for a second edition to assess how major Swiss companies communicate corporate social responsibility (CSR) on the internet. Results indicate a lack of attention to responsibility issues on corporate websites and little engagement with stakeholders online.

The study, published today, ranked the 20 companies included in the benchmark SMI index. The results suggest Swiss corporations are still locked in a disclosure approach to CSR communications, failing to show how sustainability and corporate responsibility are part of day-to-day business activities. Most of the companies studied fail to communicate an engaging CSR story to get stakeholders involved in sustainability issues.

Food company **Nestlé** jumped to the first place in the CSR Online Awards 'Switzerland 2010', with last year's winner **UBS** sliding in second position. Banking rival **Credit Suisse**, earned third place. Other companies in the top 10 (in descending order): **Roche, Holcim, Novartis, ABB, Richemont, Swiss Re, Swisscom**.

Seminar & awards

2nd global seminar in online CSR communications and presentation of CSR Online Awards has been held in Milan on 21st October 2010.

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1. Main findings

The CSR Online Awards 'Switzerland' classification assessed for a second year how leading Swiss companies communicate corporate social responsibility (CSR) online. The findings reveal a tendency to present broad CSR commitments, often not supported by evidence, data and concrete initiatives. More importantly, Swiss companies do not exploit the web's potential for engagement on CSR issues – generally failing to respond to emails or understand the impact of social media.

Top 10 'Switzerland' (points out of 100)	
1. **Nestlé**	**(72.5)**
2. **UBS**	**(68.5)**
3. **Credit Suisse**	**(56.5)**
4. Roche	(54.5)
5. Holcim	(53)
6. Novartis	(52)
7. ABB	(48)
8. Richemont	(40.5)
9. Swiss Re	(38)
10. Swisscom	(37.5)

The research, conducted annually by communications consultancy Lundquist, evaluates how corporate websites are used as a platform for CSR communications and stakeholder engagement. The 'Switzerland' ranking examines the 20 members of the SMI index, representing about 85% of the total capitalisation of the Swiss stock market. This ranking is part of the CSR Online Awards research project, which includes the 'Global Leaders' classification, evaluating 91 leading members of the Dow Jones Sustainability Index (DJSI), and country rankings for Austria, Germany, Italy and the UK, with a total of about 200 websites assessed.

Each website was assessed using a set of 77 evaluation criteria (76 in 2009), drawn up on the basis of a survey of more than 250 CSR professionals and sector experts from almost 30 different countries. (For more information, see the Approach and Methodology section on page 7).

The average score slipped to 37.5 points out of 100 from 39 in 2009, due to the more specific and stricter criteria used in the evaluation. Websites performed best in providing environmental and social information, but they were weakest on dialogue, interactivity and information on governance, ethics and socially responsible investment (SRI).

Best improvers	
1. **Nestlé**	**(+ 21.5 points)**
2. SGS	(+11)
3. Novartis	(+9)

"Banking failures and oil spills have made people increasingly suspicious when they hear companies talk about sustainability or responsibility," said **James Osborne**, head of CSR communications at Lundquist. *"To address their doubts, companies should be more proactive in communicating performance data, policies and concrete examples of their actions and not be shy of soliciting feedback and debate. For this reason our 2010 ranking has sought to reward those websites that actively invite stakeholders to exchange views on CSR issues".*

Top 10 'Swiss leaders' in online CSR communications

Food company **Nestlé**, with 72.5 points, jumped to the top of the CSR Online Awards 'Switzerland' 2010 from the fifth position last year. The company, which was also the best improver in the classification, stood out for its interactivity and ongoing engagement, thanks to its blog, use of social media and video, plus documentation about stakeholder engagement initiatives.

Also on the podium were two banks, **UBS** and **Credit Suisse**, which obtained respectively 68.5 and 56.5 points. **UBS**'s adoption of web-based reporting, giving priority to the website's Responsibility section as the focus of its CSR reporting, helped put it top in the all-important "content" area of the research.

Credit Suisse's approach demonstrates how its citizenship commitment is closely related to its business activity, with a presentation of responsible products and services as well as a strategic attention for socially responsible investment (SRI).

Roche was fourth on 54.5 points, thanks to its attention to initiatives for employees and the wider community. **Holcim** (53) dropped from second to fifth, penalised by the increased attention to interactivity in the evaluation protocol.

Novartis came sixth (52), providing interesting CSR information on its mini-site. **ABB**'s 48 points earned it seventh, **Richemont** came eighth (40.5): both companies managed to climb several positions from last year. Finally, **SwissRe** was ninth with 38 points, and **Swisscom** closes the "top ten" with 37.5 points.

From Switzerland to the world: towards the CSR Online Awards 'Global Leaders'

As last year, the Swiss classification is accompanied in 2010 by the CSR Online Awards 'Global Leaders' 2010 study, which ranks 91 leading members of the Dow Jones Sustainability Index (all members of the Dow Jones Sustainability World 80 Index plus the DJSI super-sector leaders for 2009-2010). Eight Swiss companies were included in this ranking: **ABB, Credit Suisse, Nestlé, Novartis, Roche, Swiss Re, UBS** and **Zurich**.

The global classification is entirely comparable with the Swiss one since they are both based on the same evaluation protocol. The same is true for country-specific rankings for Italy, Austria, Germany and UK, due to be published in the following weeks (Italian study published on October 4).

The Swiss scenario: areas of strength and weakness

The overall average score for the 20 companies taken into consideration was 37.5 points out of 100, dropping 1.5 points from 39 in 2009. The decline is explained by the fact that the evaluation criteria were enhanced this year to better reflect the demands of stakeholders – and by the fact that companies are failing to keep pace with the expectations for online engagement.

The 100-point evaluation protocol is divided into the following three sections:

- **Content** (42 criteria for a total of 55 points) to evaluate the quantity and quality of CSR information available
- **User Experience** (16 criteria for 21 points) to determine how easy it is for users to find information and the overall layout of the CSR section
- **Ongoing Engagement** (17 criteria for a total of 23 points) to assess the ability of companies to provide information on a continuing basis and to generate interactive dialogue

A final point was available for some commendable aspect of the website not covered by the criteria – with a point detracted for any negative elements not foreseen by the protocol.

Chart 2

Breakdown of average score by macro-areas *(average points and maximum shown)*

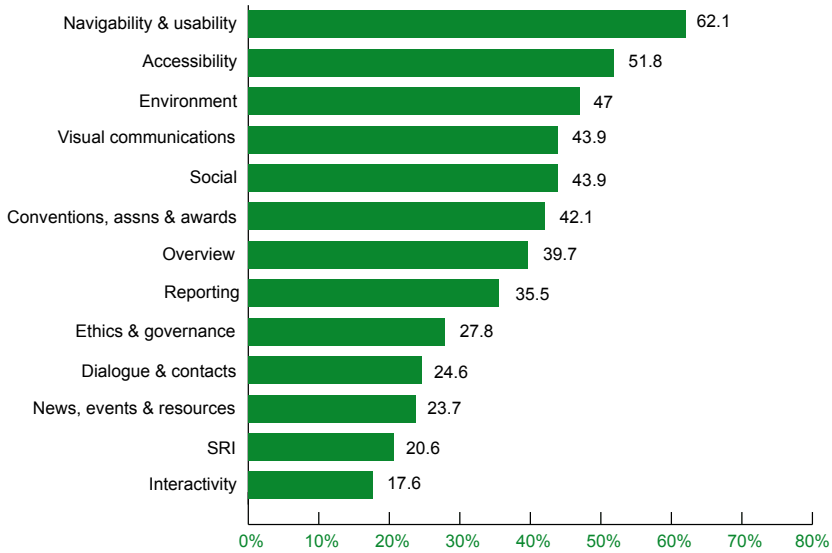
Source: Lundquist CSR Online Awards 2010

Companies did best in the **User Experience** section and performance was disappointing in the **Content** section (see chart). However, the results for the **Ongoing Engagement** section were dismal, with an average of only 21.7% of the maximum points available and a dearth of interactive functionality, blogs, news, events and contact information.

In general, companies present CSR sections that are satisfactory from a technical (and often graphical) point of view, while content is often too generalised. They fail, above all, to exploit interactive tools and real-time options offered by the web to get closer to their stakeholders and engage them on sustainability issues.

Chart 1

Average performance by section *(% of max points)*



Source: Lundquist CSR Online Awards 2010

Top performers in…

Reporting:
Nestlé, UBS, Holcim, Roche

Social:
Roche, ABB

Ethics & governance:
UBS, Novartis, Roche

User experience:
Nestlé, Holcim, Credit Suisse, Richemont, Transocean

Interactivity:
Nestlé, Credit Suisse

Dialogue and contacts
Nestlé, UBS

This tendency is further revealed by the large differences in the performance of the 20 SMI companies in the 13 sections that make up the CSR Online Awards evaluation protocol (see chart). Top-scoring areas were generally related to the quality of the website presentation itself: the average score exceeded 50% of the maximum available for the **Navigability & usability** and **Accessibility** sections. In terms of content, the **Environment** section was the most satisfactory one, because many companies have a longer experience in disclosing such information, supported by an awareness of the importance not only of internal processes to manage environmental impacts but also of public opinion.

Scores were much lower for Interactivity, SRI content, Dialogue & contact information and the availability of News, events & resources. SMI companies obtained around 20% of the available score in these sections, undermining their commitment to transparency and stakeholder engagement.

"Many companies don't attribute sufficient importance to online CSR communications, even though the internet is a first port of call for many stakeholders," explained **Ornella Ponzoni**, CSR researcher at Lundquist. *"The corporate website is the perfect place for top management to express its commitment to CSR and engage directly with stakeholders"*.

Towards a more credible commitment

Looking in more detail at the results, it emerges how CSR is often treated by Swiss companies as a separate domain from daily business activities, in some cases addressed as a matter of secondary importance. For example, out of the 20 companies studied:

- only 35% have a **main section** of the corporate website dedicated to CSR
- 35% do not present a **CSR report** within the related website's section
- 60% do not flag the latest **CSR report** on the website's homepage, the IR homepage or the IR report archive
- only 50% include a **CEO/chairman's declaration** in the CSR section (and only 10% have it in video)
- about 30% of the evaluated websites show no information on company **governance** within the CSR section
- 40% do not mention the **code of ethics** or provide a link to the document from this section

A second crucial point is that many websites fail to go beyond broad commitments and lack transparent, comparable data, together with concrete initiatives that specifically address topical global issues and stakeholders' concerns. The study found that:

- roughly 60% of the evaluated websites do not provide **CSR targets**
- 45% do not present any data or information on **environmental performance**
- only 25% describe in detail their **environmental management system**
- barely 25% give extensive information on **environmental certifications**
- 45% of the evaluated websites do not provide pertinent data on the **company's workforce**
- more than 60% do not cite **risk management** in relation to CSR

The need for two-way CSR communication

CSR communication has to be engaging, interactive and, above all, tailored for each company's audience. Our analysis shows that, even when companies provide adequate CSR information, they are not always able to leverage the internet to establish an ongoing relationship and dialogue with stakeholders:

- only 2 of the 20 SMI companies managed to describe **stakeholder dialogue** process, backed up with documentation or accounts of past initiatives
- just 10% of analysed companies published a presentation on **Socially Responsible Investments** given to shareholders or analysts during 2009
- only 20% of evaluated websites provide a review of past and future CSR-related **news and events**
- only 2 companies out of 20 declare on their websites to use **social media** to provide CSR information, and only 1 company has a CSR-related **blog**

"Our research shows that companies are failing to exploit the internet's potential and are missing out on a series of advantages provided by the web: the ability to make messages and exchanges more personal, keep stakeholders constantly updated and seek feedback and debate," said **Sara Troiano**, CSR researcher at Lundquist. *"These are all elements that can enhance credibility on corporate responsibility issues."*

Maybe the most powerful indication of a company's willingness to co-operate with stakeholders on CSR issues is given by the availability of **contact information**. But almost a third of the evaluated companies provided no CSR contact details, making it difficult to send feedback or ask questions.

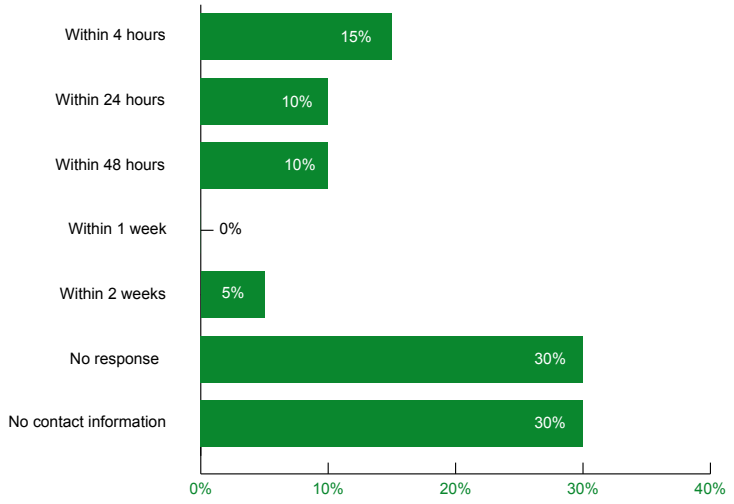
The responsiveness of the remaining companies was put to the test. Each company was approached during normal working hours using the email address or feedback form provided on the corporate website: a message from a fictitious independent ESG analyst was sent asking for basic information about the company's governance structure for CSR.

Of the 14 companies that provided contact information, six never responded. Surprisingly, more than one third of the companies contacted responded promptly, emailing an answer within 48 hours. Among the best in this group, **UBS** replied within 20 minutes. **Nestlé** got back after 2 hours, while **Swiss Re** responded within 4 hours. The chart below shows a distinct split between those companies able to respond promptly to stakeholders while 60% either don't take the trouble to answer or fail to establish a channel for dialogue.

Chart 3

The 'fastest' companies
UBS (20 mins)
Nestlé (within 2 hours)
Swiss Re (within 4 hours)

Response times to practical test *(% of 20 companies)*



Source: Lundquist CSR Online Awards 2010

2. Approach & methodology

Assumptions behind the research

The CSR Online Awards are underpinned by a series of assumptions about the main ingredients for successful online corporate communications. These 'pillars' of online communications are the result of many years' work with leading European companies on their web strategy and our annual surveys of CSR professionals, experts and stakeholders.

Six pillars of online CSR communications

Comprehensive
A website must satisfy all the requirements of its key users, eliminating their need to go elsewhere for information

Integrated
A website must work as a whole and provide links between different sections (CSR, corporate governance, IR, careers, etc.) and to off-site social media channels

Open
Website content must be open to feedback, discussion and debate, including via social media, with companies demonstrating that dialogue is heard and used

User friendly
Users must be able to find what they are looking for with minimum time and clicks through intuitive and jargon-free navigation

Engaging
A website should employ a range of multimedia tools – including video, animation, images, graphics and interviews – to draw the audience in, tell a dynamic story

Concrete
Users want hard facts, pertinent and credible data and case studies, not self-promotion and marketing messages

Developing the evaluation protocol

The evaluation criteria are based on a survey sent to CSR professionals, sector experts, stakeholders as well as CSR managers of companies included in the study (see below for details).

The aim of the annual survey is to identify the essential information they look for online and trends in the use of website content and social media.

Answers to the 2010 survey (excluding CSR managers and other corporate 'insiders') were analysed to revise existing criteria, create new ones and to calibrate the allocation of points so as to reward sites that best respond to user needs. Feedback from the previous editions of the CSR Online Awards was also taken into consideration when revising criteria.

A total of 77 criteria were used (76 in 2009), divided into 13 sections and giving a total of 100 points. The evaluation protocol was divided into three macro areas:

- **Content** (seven sections totalling 55 points)
- **User Experience** (three sections for 21 points)
- **Ongoing Engagement** (three sections totalling 23 points)

This split reflects the fact that the most important aspect of online communication is content, but also that success involves taking advantage of the internet to make CSR information easily available and to facilitate interaction between website owner and user.

A final point was available to reward useful information or interesting features of websites that were not covered in the criteria. New in 2010 was the penalty point, subtracting 1 point for negative aspects that were not covered in the criteria, including out-of-date information.

The evaluation protocol used in the CSR Online Awards is the same for all rankings, including the 'Global Leaders' ranking and country classifications for Austria, Germany, Italy and the UK, meaning that all results are directly comparable.

Subdivision of evaluation protocol by section

Macro area	Section	Criteria	Points
Contents	Overview	7	11.0
	Reporting	5	9.5
	Environment	6	8.0
	Social	9	10.5
	Ethics & governance	6	7.0
	SRI	4	5.5
	Conventions, associations & awards	5	3.5
	TOTAL	**42**	**55**
User experience	Navigability	7	12.0
	Visual communications	5	6.0
	Accessibility	4	3.0
	TOTAL	**16**	**21**
Ongoing engagement	Interactivity	8	8.5
	News, events & resources	6	7.0
	Dialogue & contacts	3	7.5
	TOTAL	**17**	**23**
	Commendable information	1	1.0
	Penalty point	1	-1.0
	GRAND TOTAL	**77**	**100**

Changes to the criteria in 2010

On the basis of the survey and feedback from the 2009 edition of the research, substantial changes were made to improve the evaluation protocol to make it better reflect user preferences and trends in online communications.

Fourteen criteria were deleted from the protocol and 15 new criteria were introduced. Another 10 were revised in the way points are allocated. The scoring of a number of other criteria was also amended in light of the responses to the survey.

Subdivision of evaluation protocol by section

Content	User Experience	Ongoing Engagement
Environmental targets	Use of images	Presence in social media
Whistleblowing procedure	CSR section start page communications	CSR videos
Responsible products & services		Stakeholder dialogue
Risk management		

Website assessments

The criteria were used to evaluate the **English language version** of the corporate websites of the SMI companies in August-September 2010 (evaluations formally closed on September 10). The eight companies also included in the 'Global Leaders' ranking were evaluated in July due to different timing schedule of this classification. Each company's website was evaluated twice by two different Lundquist analysts. Top-ranking companies were evaluated a third time.

The assessment was restricted to the **CSR (or equivalent) section** of the website to reflect the fact that content must be easy to find for users interested in these issues. Content outside of this area (for example, in corporate governance, investor relations or career sections) was evaluated only if there was a direct link from the CSR section to the relevant page or document.

Although this rule may seem excessively restrictive, it aims to reward those websites that fully integrate CSR-related information, for example with cross-links. Given the size of many corporate websites, users cannot be expected to scan dozens (or even hundreds) of pages to find the information they need.

Where companies have more than one section of the website (at the same menu level) dealing with CSR-related issues, all of these sections were evaluated. For example, some companies split their information between Citizenship and Environment sections.

The contents of **CSR reports** (whether interactive or in PDF) were excluded from the assessment because the research aims to understand how well corporate websites are used to communicate CSR and not to assess the quality of reporting per se. As above, content was evaluated whenever a direct, specific link was provided to the relevant page or pages in the CSR report as a way to guide users to more in-depth information.

Report contents were evaluated only in the case of **web-based reporting**, when the report was **fully integrated into the CSR section or completely substituted the CSR section:** this generally means that users navigate seamlessly between the corporate site and the report (no change in the menu structure and page layout, no change in the basic URL of the corporate site, no need to open another window or tab in the browser).

As a result of this rule, however, some companies received low scores that may have otherwise commendable online CSR reports. This is particularly the case for those companies that have little or no information on CSR in the corporate site and depend almost entirely on an online report to carry out the task of CSR communications.

3. CSR Online Awards Survey 2010: Time to get real-time and personal

The Lundquist CSR Online Awards Survey 2010 was conducted to understand how CSR professionals – people who work regularly on corporate responsibility and sustainability issues – use the internet to get information and exchange views. Following the 2009 survey, which focused on the relevance of CSR information during the economic downturn, this year's study concentrated on how the internet can be used to enhance stakeholder engagement and on the role of social media.

A total of 256 people answered the survey during May and June 2010, 39% more than for the 2009 survey. They included sustainability consultants and financial analysts, academics, journalists and NGOs. CSR managers and other company representatives were invited to respond to see how their responses differ from those of stakeholders. The responses showed how the immediacy and intimacy created by the online environment – and by social media in particular – mean stakeholders expect corporations to communicate non-financial information on a more real-time and personal basis.

Key findings

- Communication of CSR needs to move away from annual disclosure towards a real-time relationship: stakeholders want a regular flow of information, in variety of formats and media
- Only a quarter of respondents think annual CSR reporting is adequate with 38% saying infra-annual updates would be "very useful"
- Social media are emerging as an important space for discussion, dialogue and sharing information: but company officials are failing to grasp their importance
- A quarter of those giving feedback to companies use web-based chats, forums, social media and blogs – in line with those writing letters
- LinkedIn is the most popular social media platform for CSR with almost twice as many non-corporate respondents using it at least monthly for this purpose than Twitter
- More than a third of respondents are reading CSR-related blogs at least once a week
- Key information for website users includes environmental and social data, targets, code of ethics and supply-chain management

A six-page report presenting a summary of the survey findings is available for free download from our website at www.lundquist.it/research.

About Lundquist
Lundquist is a strategic communications consultancy in Milan, Italy, specializing in online corporate communications. Our consultancy services and extensive research programs cover online financial communications, the corporate website and social media. We have particular expertise in the communication of corporate social responsibility (CSR) as well as employer branding, copy editing and content strategy, all founded upon intimate knowledge of international best practice and emerging trends in online communications.

CSR Online Awards research team
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Full classification of CSR Online Awards 'Switzerland' 2010

Position 2010	Position 2009	Companies	Points 2010	Change 2009 - 2010
1	5 =	Nestlé **	72.5	+ 21.5
2	1	UBS **	68.5	+ 2
3	4	Credit Suisse**	56.5	+ 3
4	3	Roche* **	54.5	- 0.5
5	2	Holcim	53	- 6.5
6	8	Novartis **	52	+ 9
7	11	ABB **	48	+ 8
8	10	Richemont	40.5	0
9	7	Swiss Re **	38	- 7
10	9	Swisscom	37.5	- 4
11	12	Adecco	36.5	- 3
12	13	Zurich Financial **	34.5	- 1
13	19	SGS	33	+ 11
14	5 =	Syngenta	29.5	- 21.5
15	n.a.	Transocean	23.5	n.a.
16	n.a.	Lonza	22.5	n.a.
17	16	Actelion	19	- 8.5
18	20	Swatch Group	12.5	- 7.5
19	18	Julius Baer	10.5	- 13.5
20	21	Synthes	7.5	- 8.5

Source: CSR Online Awards 'Switzerland' 2010

*Full disclosure: Roche purchased the CSR Online Awards 2009 research series.
**Companies included in the CSR Online Awards 'Global Leaders' 2010 (websites evaluated in July 2010).