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Department of Banking and Finance  
Chair of Quantitative Finance

Master's thesis

# Do institutional investors drive corporate social responsibility?

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## Abstract

We aim to determine if institutional investors drive corporate social responsibility. For this purpose, we build ESG portfolios based on 13F institutional investor data from Thomson Reuters and Refinitiv's Assets4 ESG. Further, we assess the portfolio development of each of the selected institutional investors between 2009 and 2017. We then analyze the development of the ESG portfolios of three peer groups: banks, asset managers and pension funds. Moreover, we examine two Case Studies in order to gain further insights into the observed portfolio development. We find that for the whole observation period the ESG portfolios of most institutional investors show a positive development. Thus, we see evidence that institutional investors are increasingly becoming aware of the fact that they both have a responsibility and incentives to address CSR. Additionally, after analyzing CSR reports of institutional investors, we find that their engagement activity is on the rise and we see evidence that it is a driver of CSR. Finally, we observe that non-tangible approaches such as exclusion and divestment are losing ground, but ESG integration shows promising signs of becoming a standard approach for fostering CSR.