

# SOCIAL VALUE PROJECT

2 0 1 8 R E P O R T





Best Private Banking Operator  
for Philanthropic Advice and Impact Investing  
in 2015, 2016, 2017 and 2018



**Juan Antonio Alcaraz**

General Business  
Director of CaixaBank

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December 2018 marked the 150th anniversary of the birth of Francesc Moragas, who in 1904 founded Caja de Pensiones para la Vejez y de Ahorros “la Caixa” and the Welfare Projects that have defined us ever since.

This coincided with CaixaBank presenting its 2019-2021 Strategic Plan, which aims to combine being a leading and innovative financial group offering the best customer service with setting a benchmark for socially responsible banking.

Rooted deep in our past and projecting into the future, everything our entity does is governed by our commitment to society; this bears fruit in crucial areas, such as Private Banking’s Socially Responsible Investment Project.

The Socially Responsible Investment Project has been running for more than two years, helping Private Banking customers who want to establish their own philanthropic projects.

Recognising our customers’ commitment to being socially responsible, we offer a comprehensive, specialist service, which includes expert consultancy, collaboration with a range of causes, and socially responsible and impact investment, combined with promoting and fostering philanthropy. We consider this service an integral part of our overall Private Banking proposition.

We will continue fostering the growth of our Socially Responsible Investment Project over the coming years, as we firmly believe that it is impossible to offer the best customer service without being socially responsible.

Best regards

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the left.





IMPACT INVESTING:  
INVESTING TO CHANGE THE WORLD

Agustín Vitórica

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IMPACT INVESTING:  
INVESTING TO CHANGE  
THE WORLD

Agustín Vitórica



# IMPACT INVESTING: INVESTING TO CHANGE THE WORLD



Agustín Vitórica

Founder and co-CEO of GAWA Capital

## The United Nations SDGs

There are still twelve years to achieve the United Nations Sustainable Development Goals (SDGs).

If we manage to achieve these, we will have built a world that is fairer, more inclusive and more sustainable by 2030.

Extreme poverty will have disappeared. We will have managed to eradicate hunger in the world. Gender equality will be a reality. Everyone will have quality education and sanitation. And we will be looking after our planet the way it deserves.

But this will require enormous investment. The World Economic Forum estimates annual investment of USD 3.9 trillion will be required to achieve the SDGs.

So far, only USD 1.4 trillion a year has been committed, mostly from public funds, a shortfall of USD 2.5 trillion per year. In other words, we need to invest an amount equal to double Spanish GDP every year.



**“The public funds committed are clearly insufficient to achieve this; we need to mobilise private investment to meet the world’s major challenges**

	USD trillion
Annual investment needed to achieve the SDGs	3.9
Committed annual investment	1.4
Annual investment required	2.5

## Social enterprises resolve society's problems in an efficient and scalable way

Before founding GAWA Capital, I worked for nine years in financial investment, managing a major family office. For the first seven years I was working there I was convinced there was an unbridgeable gap between the family's investment for profit and philanthropic activities. There were no options for combining both of these objectives at the time. However, in 2006 Muhammad Yunus was awarded the Nobel Peace Prize.

This opened my eyes to the possibility of creating new business models designed to include the most disadvantaged, in a way that is sustainable and profitable.

The companies that work under this new model are known as social enterprises, and are designed to overcome market failures. They are seeking to include the billions of people with low incomes, by treating them as customers or suppliers, rather than taking the traditional approach of seeing them as irresolvable problems.

What started out as micro-finance as a business model for financial services for the poor has mushroomed in a multitude of sectors, such as small-scale agricultural producers, funding for small companies and affordable housing, just to mention the sectors that have fostered the most social enterprises worldwide.

The really revolutionary thing about social enterprises is that they work in the best ways of the business world: they resolve social problems efficiently - making profits - and they do it in a way that is scalable, reinvesting profits to finance their growth and reach yet more people, freeing them from permanent dependency on the foreign aid required by traditional philanthropy.

## Impact investing generates profits and measurable impact

The profitability and scalability of social enterprises is at the core of impact investing. Investing to finance these companies can make a profit and also a positive social impact, through the expansion of the social enterprise and an increase in the number of vulnerable people it serves.

The OECD defines social impact investing as "the provision of finance to organisations addressing social needs with the explicit expectation of a measurable social, as well as financial, return.

Its objective is therefore to foster economic development and achieve social results. It is a way of channelling new resources towards the Sustainable Development Goals (SDGs)".

It is important to highlight the explicit and proactive motivation of impact investing of generating a positive

social impact; this differentiates it from other forms of socially responsible investment.

**“ It is also important to highlight that this impact should be measurable, emphasising the need to be able to measure this social return, which is as important as financial returns.**

I also believe that impact investing must be truly transformational in the social dimension, combining financial management with management of the social impact to increase it over the life of the investment.

And the same rigour should be applied to external and independent verification of social impact as to the verification of financial returns by audit firms.

## Impact investing is the key to mobilising private investment towards achieving the SDGs

According to the Global Steering Group for Impact Investing (GSG), some USD 228,000 million had been invested through impact investing at year-end 2017.

### Forecast scale of impact investing

	€ trillion
2017	0.23
2030	30
2040	170

Although this figure is still far short of the USD 30 trillion needed, the GSG estimates that USD 30 trillion will be invested by 2030. The forecast figure for 2040 is USD 170 trillion, at which time it will represent practically all assets under management. This is what is referred to as the impact economy, where all investment decisions consider the three aspects of profitability, risk and social impact. In this model, it is no longer just shareholders who expect a positive impact, but also consumers and workers, such that economic agents who do not consider social impact will be seriously affected.



### Channelling private investment towards social impact funds

When we launched our activities in 2010, we did not know whether Spanish investors would be interested in investing in this asset class.

However, over the last eight years we have mobilised over EUR 70 million from family offices, institutional investors, foundations and the Spanish Agency for International Cooperation for Development (AECID - Agencia Española de Cooperación Internacional para el Desarrollo).

These investors have received a competitive return (6.4% per year in our first fund, while improving the lives of hundreds of thousands of marginalised people.

To try to attract more private investment, the United Nations has asked governments and multilateral bodies to use what is known as "blended finance", or simply "blending", to channel large volumes of private investment to meeting the SDGs.

**“ In this blending, public investment adopts a position with greater risk and gives up some of the returns to offer private investors a safer and more attractive investment from the point of view of financial returns.**

The investment is complemented with technical assistance resources from public donors, which are used to improve social enterprises to enhance their social impact.

We are working on a new vehicle with a blended structure, with the help of the Spanish government, through AECID and Cofides, and funds from the European Union's blending facilities.

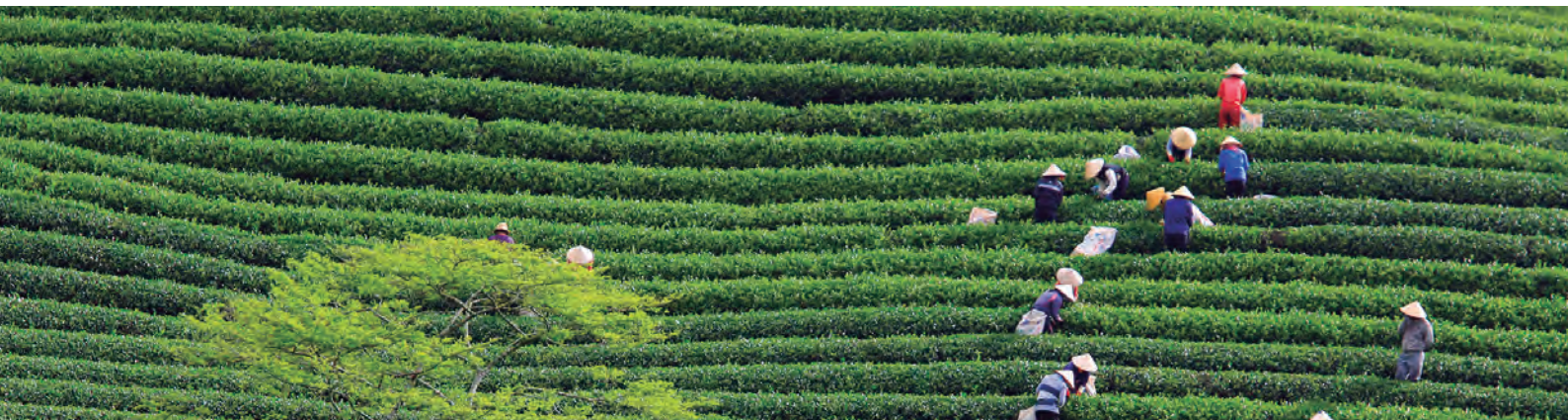
### The impact investing sector in Spain has come together around a shared goal

A Working Group to foster impact investing in Spain has been set up to continue increasing Spanish impact investing and create new and innovative products for private investors, as part of Spain's membership of the GSG. This group comprises sixty entities, ranging from those that offer capital to those looking for investment, including both financial and non-financial intermediaries.

The Foro Impacto (Impact Forum) organisation is responsible for the group's secretariat, with the three main impact investing firms leading each of its committees: GAWA Capital heads the Supply Committee; Ship2B heads the Demand Committee; and CREAS heads the Intermediation Committee. CaixaBank Private Banking has played a particularly important role through its Socially Responsible Investment Project, a unique project involving international private banking that modernises and complements the philanthropic actions of its customers.

Three plenary sessions have been held, producing a huge number of recommendations that will foster Spanish impact investing and enhance our contribution to achieving the SDGs.

**“ We remain convinced that transforming the economy into an impact economy can be done!**



A large, stylized number '12' is positioned in the background. The '1' is a light grey color and the '2' is a light beige color. The number is composed of thick, rounded strokes.

GOOD MANAGEMENT  
AND TRUST TO ENHANCE  
CIVIL SOCIETY

Ana Benavides González-Camino

# GOOD MANAGEMENT AND TRUST TO ENHANCE CIVIL SOCIETY



Ana Benavides González-Camino

General Manager of the Lealtad Foundation  
and vice-chair of the ICFO

People say that Spain is a socially committed country, and that is certainly true: top of the list for organ donations, quick to react in emergencies, generous in the face of natural disasters, and so on. But if this is the case, why do only 37% of the population contribute to not-for-profit bodies?

In France the figure is 60%; in Germany it is 54%; in Switzerland it is 83%; and in the USA it is 59% (ICFO figures).

Why does Spain lag so far behind? Our culture is likely to be part of the answer, as the family is an important support, in terms of both money and time. But this doesn't explain why only 37% of the Spanish public contribute to foundations and associations, when over 60% of people believe them to be essential for the well-being of society.

**“The latest figures suggest that the major obstacle to donations is a lack of trust in these organisations.”**

Asked for the main reason why they had never donated money to such charities, 44% of the respondents surveyed said it was due to a lack of trust (according to the 2018 donor profile prepared by AEFr).

When we make a donation, we want it to be efficient. We want our money to achieve something and do as much good as possible. But, are we doing what we need to achieve this?

The Spanish are generous donors when there is a natural disaster, but then we lose interest. For aid to be really effective, it is important to create connections with the entities, because the recurrent income from contributions by partners fosters planned - and therefore more effective - activities.

Even in emergencies, organisations should be prepared in advance, with equipment, logistics, personnel and training, to reduce response times and so save as many lives as possible. Work is carried out all year round to respond quickly and efficiently in a crisis.

Trust is essential for building lasting ties with associations and foundations. Trust is the glue that holds all relationships together: it is difficult to earn and easy to lose.

Mistrust can be overcome with transparency and good management, with the results obtained every day, with clear and consistent objectives and activities, and with information on finance and governance.

Not-for-profit bodies also need to apply the latest management tools, in addition to relying on the traditional ingredients of civil society - good faith and solidarity.





Organisations are responsible for providing clear information on how they work, their activities, results and impact; but donors should also be responsible for finding out about them before, during and after their donation.

Associations and foundations should disclose their connections to religious bodies, political parties, companies and lobbies, and family relationships.

Over recent years we have seen boards of directors become the object of scrutiny; it is essential that this should also happen to the trustees, governing boards and general meetings of charities.

The members of these bodies must be truly committed, and their memberships should be refreshed to foster the incorporation of new ideas.

Any conflicts of interest should also be managed correctly.

**“ The mission must always be clear, and the activities must be consistent with this, because otherwise it leads to confusion and lack of trust.**

Just like the environment in which they operate, organisations evolve and transform, but this evolution must always be consistent with their stated mission.

Because this sector is so highly segmented, we try to create links and seek synergies in management, digitalisation, attracting funds, and so on.

We have to start the year with a well prepared plan, and end it by examining the results achieved.

And the plan must be closely monitored throughout the year to adapt it as necessary.

Internal control is essential, and the best tool for avoiding risks.

But donors must also be aware that there are administration costs and costs of raising funds before they can be invested in the mission. These costs are necessary and positive, providing that reasonable levels of efficiency are maintained.

We would all like everything we donate to go to the good cause, but this is not realistic, and would lead to a lack of control.

The NGOs accredited by the Lealtad Foundation invest around 84% of their funds in their mission; 9% in administration and management; and the remaining 7% in raising new funds to ensure their financial sustainability.

As donors, we must accept - even if we don't like it - that these costs, which are not related directly to the activity, are essential to the organisation functioning effectively. The use of these funds must be exhaustively scrutinised to ensure that they are applied effectively, respecting the donors' wishes. It should always be possible to find out how the funds are being divided among activities, beneficiaries, promotional activities, and so on.

And financial sustainability must also be ensured, irrespective of the format. Although it might seem to be stating the obvious, not-for-profit does not mean not sustainable. Quite the opposite! In order to achieve their mission, charities need a robust financial structure, because of the financial commitment of their founders, for adequate management of their funds and to ensure diversified income. And the sources of funding must be stable.

Communication must be thorough, reliable, accessible and proactive to achieve all of this.

In today's world, and with the tools available, any entity - whatever its size, activity or geographic scope - can disclose relevant information about itself with the minimum technological effort.

It is important that information should be correctly organised so that it can be found easily.

Sometimes information overload can result in a lack of information, because it ends up like looking for a needle in a haystack.

**“Transparency and good governance are becoming ever more important worldwide.**

They are here to stay. ICFO (the International Committee on Fundraising Organizations), an association of monitoring bodies from twenty countries, is growing continuously.

It brings together monitoring organisations with a long history, such as those from Germany (150 years), the English-speaking world and northern Europe, with new additions, such as Brazil, India and Ukraine.

This confirms that both the collectors and the recipients of funds need to demonstrate that their organisations are well managed.

In Spain, the Lealtad Foundation, which is also a member of ICFO, pioneered the accreditation of NGOs back in 2001; it has even exported its analysis methodology to Chile and Mexico.

It has recently set up Lealtad Instituciones to accredit company and wealth foundations that are required to disclose their accounts to society because they obtain tax benefits.

**“When we invest our own money, we analyse returns, risk, security, time and, ever more importantly, certain minimum ethical standards: we must also be sufficiently informed of these when we work with an organisation.**

A donation is an investment in society from which we do not expect any direct benefit, but from which we expect to obtain the maximum social return.

Therefore, as donors we must be as, or more, demanding with not-for-profit bodies as we are with the companies we invest in.

**“As trustees and managers we must account for our actions and be able to demonstrate good governance.**



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A YEAR OF GROWTH  
AND CONSOLIDATION

Jordi Casajoana



# A YEAR OF GROWTH AND CONSOLIDATION



**Jordi Casajoana**

Manager of the Private Banking Value Groups and Philanthropy Department

We have just completed the second full year of our Socially Responsible Investment Project.

This has been another full-on year, but also very satisfactory, both internally and externally.

Internally, we once again witnessed the warm welcome of our customers for socially responsible initiatives throughout the year.

Externally, we can congratulate ourselves on the speed at which social awareness is increasing and developing, and driving all areas of classic philanthropy, responsible investing and impact investing.

We have seen a clear improvement in the social perception of philanthropists this year, both in our interactions with our customers and in the media, while also witnessing a significant increase in charity initiatives.

**“ Even more progress has been made with responsible investment and impact investing.**

We see an almost daily stream of stories in the media relating to responsible investment, together with a clear increase in volumes managed under ESG (environmental, social and good governance) criteria.

The public role of impact investing has also improved dramatically, with initiatives such as the Working Group for Spanish Membership of the GSG (GlobalSteering Group for Impact Investment), to which we have also sought to make our own small contribution.

Considering our performance over the year, we should start by highlighting the events and activities carried out throughout Spain, which attracted more than 500 customers.

These events were a fantastic opportunity to foster and promote aspects related to philanthropy and charity, and also to consider our customers' doubts and initiatives in this area.

## **Charity award for customers**

When we started to see the fantastic work that so many of our customers were doing during the year, we thought it was essential that these projects should get as much recognition as possible.

**“ One of the major developments in our Socially Responsible Investment Project in 2018 was the launch of an award to recognise our customers' charity projects.**

There were 29 entries for the first round of awards, divided into two categories: Best Philanthropy Project and Best Philanthropy Performance. The jury of renowned professionals in the field highlighted the level of the candidates, and selected the Tervalis Foundation and the Juan Perán-Pikolinos Foundation as the winners. The other finalists were the NED, GAES and CEDEL foundations, and the Asociación Valenciana de Caridad (Valencia Charity Association).



### Support for initiatives

Obviously, our customers contribute more to charity than just through their own projects.

Since 2015, we have been fostering collaboration between Private Banking and the Business Alliance for Child Vaccination, and holding an annual collection campaign for milk for food banks.

The Business Alliance for Child Vaccination is a global initiative fighting to cut deaths among our littlest ones, by promoting vaccination; “la Caixa” Foundation has supported this since 2008.

Our customers contributed EUR 945,000 to this important cause in 2018, 114% more than the previous year.

The “la Caixa” Banking Foundation and the Bill and Melinda Gates Foundation undertook to multiply the donations received by four; therefore, as a result of the generosity of our customers, over EUR 3.7 million can be invested in child vaccination.

Our customers have also continued supporting our annual collection campaign for milk, which seeks to meet the needs of children who rely on food banks. This year the donations were worth EUR 144,923, 85% more than the previous year.

The money raised is equivalent to more than 289,000 litres of milk.

In addition to these causes promoted directly by Private Banking, our customers were involved in many other charity projects; in 2018.

Our Private Banking customers and “la Caixa” Foundation donated

EUR 6,900,000 (19% more than the previous year) to the eight largest NGOs (by number of collaborators) in the country.

### Socially responsible investment and impact investing

It is impossible to understand current conceptions of philanthropy without considering the search for an impact that is measurable, positive and sustainable, whether for the company or the environment.

As a result of this consideration - to which we are fully committed - we have established responsible investment and impact investing as cornerstones of our Socially Responsible Investment Project.

For example, both VidaCaixa and CaixaBank AM have signed up to the United Nations Principles for Responsible Investment (UNPRI).

**“Particular highlights include the A+ rating obtained by VidaCaixa for the UNPRI, as this is the highest rating available, demonstrating the level of responsible investment achieved by CaixaBank’s pension fund manager**

We have continued fostering the expansion, dissemination and profile of socially responsible investment strategies, both internally and externally.

We have achieved a 105% increase in the average balance invested in such products.

Another milestone in the year was the marketing - with considerable success - of two venture capital vehicles for impact investing, focusing on energy efficiency and alternative energies.

Over 2% of our customers invested in these products.

### New challenges ahead

The year that has just finished was one of growth and consolidation, both in our Socially Responsible Investment Project and in charity and social responsibility initiatives in Spain.

But we feel that this has hardly begun.

**“ Society in general, and our customers in particular, are ever more aware of charity and socially responsible investment.**

They want to achieve positive impacts through their charity donations and investments in transformative projects, and are ever more committed to investing their assets without generating negative impacts for either society or the environment.

We will be committing all of our resources and energy over the coming years to meet and anticipate these demands, offering the best possible solutions in terms of charity and the availability of investment solutions, combining adequate returns with respect for our customers' values.

**“ This won't be easy, but we can draw on a social tradition that was born more than 114 years ago.**





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OUR YEAR  
IN FIGURES

# OUR YEAR IN FIGURES



## Collaboration of Private Banking customers with Gavi

The Gavi Alliance was set up in 2000 as a public-private partnership to save children's lives and protect people's health by increasing access to vaccination in the poorest countries.

“Gavi has now vaccinated more than 700 million children, avoiding 10 million premature deaths.

The collaboration between “la Caixa” Banking Foundation and Gavi, the Vaccine Alliance, is contributing to achieving the third United Nations Sustainable Development Goal: Guarantee the health and wellbeing of all.



## Gavi contributions

2016		€69,297
2017		€441,823
2018		€945,845



# CHARITY AWARDS

## Charity awards

29 candidates in 2 categories:

- **Best philanthropic project**  
Award: Térvalis Foundation (Aragon)  
Finalists: GAES Foundation and NED Foundation
- **Best performance**  
Award: Juan Perán Foundation  
Finalists: Asociación Valenciana de la Caridad and CEDEL Foundation



## 16 events. Geographic breakdown







## Awards

### **Premios solidarios**

CaixaBank Private Banking hosted the first edition of the *Premios Solidarios* in Valencia, to highlight the philanthropic activity of our clients.

In Private Banking, we've designed a methodology that allows us to apply the same criteria and principles to philanthropy as we do to other equity investments. With this methodology, all philanthropic projects included in the programme must specify concrete goals, be monitored regularly, and measure the impact achieved.

The types of philanthropic products and services available to clients range from socially responsible investment schemes to collaboration in projects driven by and managed by "la Caixa" Welfare Projects.

“An annual event to award the best initiatives in the field of philanthropy and patronage with a direct impact on society.



29 candidates in 2 categories:

- **Best Philanthropic Endeavour**

Award: Fundación Tévalis

Runners-up: Fundación GAES and Fundación NED

- **Best Trajectory**

Award: Fundación Juan Perán-Pikolinos

Runners-up: Asociación Valenciana de la Caridad and Fundación CEDEL

### **Euromoney Awards**

CaixaBank Private Banking has been selected in 2019, for the fifth consecutive year, as the Best Private Banking Operator in Philanthropic Consultancy and Socially Responsible Investment and Impact Investment.

“Best Private Banking Operator in Philanthropic Consultancy and Socially Responsible Investment and Impact Investment in 2015, 2016, 2017, 2018 and 2019.





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