



FORUM NACHHALTIGE GELDANLAGEN

Transparency and quality of sustainable
investments – the FNG Label

FNG – Forum Nachhaltige Geldanlagen e.V.

- Industry association promoting sustainable investments in Germany, Austria, Switzerland and Liechtenstein.
- Founded in 2001; based in Berlin.
- More than 175 members, among them banks, asset managers, financial advisors, rating agencies, insurance companies, research institutions and NGOs.
- Member of Eurosif – the European umbrella organization for sustainable investment.



FNG's aims

1. To increase awareness of sustainable investment in the financial sector and amongst the general public.
2. To highlight the positive impact of sustainable investment on the direction of social and environmental change.
3. To encourage networking between the relevant player
4. To help shape the necessary political, legal and economic framework.
5. **To take an active part in promoting the development, transparency and quality of sustainable financial products.**

Transparency and quality standards

- European Transparency Code (since 2008)



- FNG Sustainability Profiles (since 2012)



- FNG Label in cooperation with the project partner and auditor Novethic (since 2015)



auditiert durch Novethic



audited by Novethic



audited by Novethic



audited by Novethic



audited by Novethic

Why a label?

- Rapidly growing market (mostly double-digit growth rates) with an increasing number of sustainable financial products.
- -> Lack of transparency and a great degree of complexity. How to detect “black sheep”?
- Furthermore:
 - What actually defines a sustainable fund?
 - Labels in other European countries helped to strengthen SRI processes and to establish quality standards in the market.

Labels did exist – but not for the German speaking market



75 Funds (focus on Austria)



MICROFINANCE

29 Funds



ENVIRONMENT

11 Funds



ESG

Environmental
Social
Governance

12 Funds

(Plus a new Luxflag climate finance label)

Label for institutions, services and financial products



New state-owned labels in France



ISR – Label Investissement
Socialement Responsable



EETC – Label Transition
Énergétique et Écologique pour
le Climat

The objectives of the label

1. Establishing a **standard for sustainable investment** that reflects what the majority in the four FNG countries defines as sustainability.
2. Preserve and support the **diversity** of the market as the investor preferences are divers too.
3. Work as an **incentive** for improving the quality of sustainable investment products.
4. Usage of, as far as possible, **already existing standards and norms**
5. **Reduce information costs** for (retail) investors.



Intense three-year stakeholder development process.

Structure of the FNG Label methodology

Sustainable Impact SRI Product:

How does the SRI fund promote sustainable development?
(Selection and dialogue strategies)

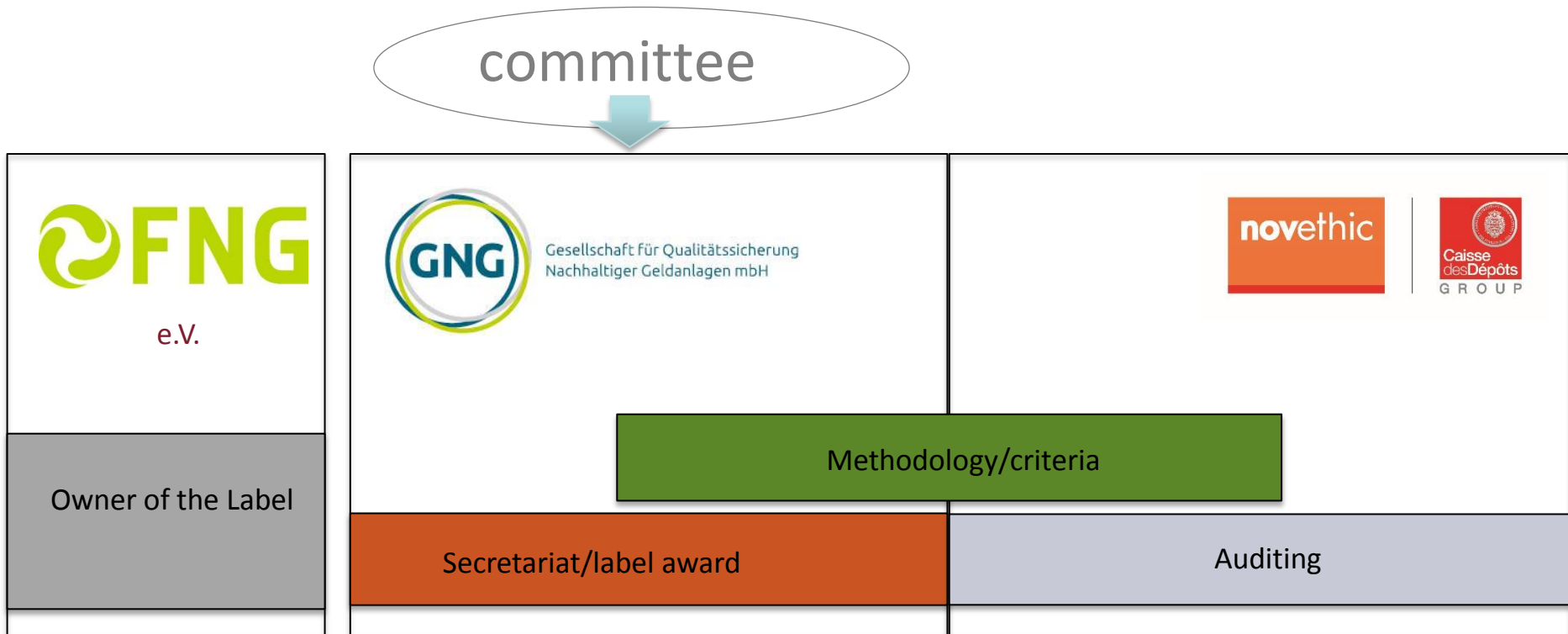
SRI Product Standard: How good are transparency standards? Quality of SRI Research?

Institutional Credibility: How good are the sustainability standards of the product provider?

Entry threshold: Criteria of the UN Global Compact, weapons and nuclear power

Basic requirements: European Transparency Code and FNG Sustainability Profile

The governance structure



Audit Partner and committee ensure the independence of the label awarding process.

One year FNG Label

1. 35 Funds have the Label 2016 (3 have 0 stars, 15 have 1 stars, 14 have 2 stars, 3 have 3 stars). -> quite challenging methodology
2. The current auditing process suggests that the methodology does work as an incentive to improve the sustainability of the fund.
3. Financial advisors who specialize in sustainability do use the label.
4. The FNG Label itself was rated by a consumer web portal as „very recommendable“

Much work left to do as we have around 400 funds marketed as sustainable in our countries and quite low share of sustainable investments compared to the whole market (e.g. 3% percent in Germany).

Contact

Gesa Vögele

PR Officer/Project Manger

Phone: +49 30 264 70 544

E-mail: voegele@forum-ng.org

Labels, certifications, guidelines etc. for financial products or services

Investment consulting



Ecoreporter
Siegel Banken

Export credits



OECD
Recommendations
(Common Approaches)

Project funding (loans)



- IFC Environmental Health and Safety Guidelines
- IFC Environmental and Social Performance Standards



Private Equity



Energy and Ecology Transition for the Climate (EETC) Siegel

Real Estate



BNB-Nachhaltigkeitsbewertung



LEED - Zertifizierung



BVI - Leitlinien nachhaltige Immobilien-Portfoliomanagement



Green/Social Bonds



Social Bond Principles

Impact Investment



Microfinance



Financial products in general



Ecoreporter
Siegel
Finanzprodukte



Climate neutral investment (South Pole) + Climate Impact reduction + Climate transparent investment

Luxflag
Climate
Finance

Investment funds



Evaluation of the FNG-Siegel

„Very recommendable“

FNG-Siegel

Vergeben in:	Deutschland, Schweiz, Österreich Lichtenstein
Vergeben von:	Forum Nachhaltige Geldanlagen
Kategorie:	Dienstleistung
Produkte:	Investmentfonds
Anzahl der belabelten Produkte:	35



Auf Merkliste setzen



Besonders empfehlenswert				
▼ Anspruch				
▼ Unabhängigkeit				
▼ Kontrolle				
▼ Transparenz				

Mit kennzeichnen wir Nachhaltigkeitslabel. Diese berücksichtigen ökologische und soziale Aspekte und die

Definition of Sustainable Investment

Definition: Sustainable investments supplement the traditional criteria of profitability, liquidity and security with environmental, social and ethical evaluation criteria.

Sustainable investment is the umbrella term for sustainable, responsible, ethical, social and environmental investment and all other investment processes that take the influence of ESG (environmental, social and governance) criteria into account in their financial analyses. It also presupposes the existence of an explicit written investment policy on the use of ESG criteria.

Number of funds licensend for distribution in German speaking countries with ...

- Transparency Logo: 180
- FNG Sustainability Profile: 206
- FNG-Siegel: 35.
- Sum of funds marketed as sustainable and licensed for distribution in German speaking countries: 410 (according to www.sustainable-investment.org)

Minimum criteria – Exclusions

- Companies:
 - Producer of controversial weapons (0% of turnover admitted)
 - Producer of conventional weapons/armament (5%)
 - Operator of nuclear power plants/producer of essential components power plants (5%)
 - Violation of the UN Global Compact Key principles (Human rights, Labour, Environment, Anti-Corruption)
- Countries:
 - Countries classified “not free” according to Freedom House
 - Non-ratification of the UN Convention on Biological Diversity
 - Bottom 40% in Corruption Perception index according to Transparency International
 - Non-signing of Nuclear Non-Proliferation Treaty

Grading Model

- **Institutional Credibility:** Focus on the sustainability activities on fund company level
 - CSR activities: sustainability committee, CSR policy and report, CSR improvement targets, climate change strategy
 - SRI activities: RI policy and report, exclusion policy regarding controversial weapons, (Increase in) percentage of SRI managed Assets under Management, membership in RI related initiatives
- **Product standards:** Focus on the ESG research process, its quality and reporting
 - SRI research process: internal and external research resources, advisory board
 - Quality of ESG analysis: structure of ESG analysis and update rhythm
 - SRI reporting: availability and scope, integration in financial reporting

Grading Model – Impact

- **Selection:** Focus on the quality and impact of the selection process
 - Additional exclusion criteria
 - Positive Criteria (e. g. best in class approach, thematic approach)
- **Dialogue:** Focus on the transparency, quality and impact of the dialogue processes
 - Voting: (policy, report, shareholder proposals, coverage; only applicable to equity funds)
 - Dialogue and formal engagement (e. g. scope and transparency, strategy, report, collaborative engagement, impact of engagement)
- **ESG Key performance indicators:** Focus on the transparency and ESG impact of the portfolio (e.g. for CO2 emissions)

Committee



Prof. Dr. Stefanie
Auge-Dickhut

SIF – Swiss
Institute for
Financial Education
at the Kalaidos
Univ. of Applied
Science



Mag.a Susanne
Hasenhüttl

OeGUT – Austrian
Society for
Environment and
Technology



Dr. Annabel
Oelmann

Consumer Advice
Centre Bremen



Dr. Christoph
Weber-Berg

Reformed Church
of Aargau



Gesellschaft für Qualitätssicherung
Nachhaltiger Geldanlagen mbH

- Gesellschaft zur Qualitätssicherung Nachhaltiger Geldanlagen mbH (GNG)
- Is a wholly owned subsidiary of FNG e.V.
- GNG mbH promotes the label, coordinates the further development of the methodology and the marketing activities.

Labels, certifications, guidelines, standards etc. for financial institutions

Banks



the
Wolfsberg
Group

Ecoreporter
Nachhaltige Bank

Fair Finance Guide
International



global alliance
for banking
on values

The Global Alliance Scorecard



Soft Commodities
Compact

Asset Managers



- BVI-Leitlinien zum verantwortlichen Investieren
- BVI Wohlverhaltensregeln

Investors, Asset Managers
etc.



- AMWG's Freshfields Report 2005
- Fiduciary Responsibility 2009
- Fiduciary Duty in the 21st century 2015
- UNEP FI Guide to Banking and Sustainability

UNEP Statement of Commitment by Financial Institutions (FI) on Sustainable Development

Frankfurt-Hohenheimer LeitfadenTM



VfU Kennzahlen
VfU Biodiversitätsprinzipien

MAINSTREAMING CLIMATE ACTION WITHIN
FINANCIAL INSTITUTIONS

Five Voluntary Principles

THE LONDON PRINCIPLES
The role of UK financial services in sustainable development



Sustainability Rating Agencies



Pension funds



Nachhaltigkeitszertifizierung der betrieblichen Vorsorgekassen & Pensionskassen

Foundations



Swiss Foundation
Code 2015



Stiftungsinfo
Nr. 3
Nachhaltige
Investieren

Insurance Companies



Churches



Evangelische Kirche
in Deutschland

Leitfaden für ethisch nachhaltige Geldanlage in der evangelischen Kirche



DEUTSCHE
BISCHOFSKONFERENZ

Ethisch-nachhaltig investieren. Eine Orientierungshilfe für Finanzverantwortliche katholischer Einrichtungen in Deutschland

