Press release

Forum Nachhaltige Geldanlagen e.V. and
Gesellschaft für Qualitätssicherung Nachhaltiger Geldanlagen mbH

PLEASE NOTE: UNDER EMBARGO UNTIL TUESDAY, DECEMBER 8, 15.00

Berlin, 8 December 2015

Quality standard for sustainable investments:

Inaugural presentation of the FNG Label: 34 mutual funds receive awards

Berlin, 8 December 2015 – Investors and financial advisors will now find it easier to identify mutual funds which have a robust and transparent sustainability strategy. On 8 December 2015, the first ever FNG Label awards took place in Berlin, with Forum Nachhaltige Geldanlagen and the recently founded Gesellschaft für Qualitätssicherung Nachhaltiger Geldanlagen (GNG) awarding the FNG Label to a total of 34 mutual funds. This new quality standard is the result of a development process which has taken many years and involved both financial experts and representatives from civil society. The FNG Label provides clear evidence that funds meet a minimum standard in terms of sustainability and transparency and that they actually implement their sustainability claims in practice.

“We are delighted that the number of funds applying for certification was significantly higher than expected,” says Volker Weber, Chair of the Board of Directors at FNG, “as many companies tend initially to treat new labels with a certain amount of caution, and only those with the greatest confidence in their sustainability concept take part.” 90 per cent of the funds inspected completed the certification successfully. The FNG Label guarantees that, as a minimum requirement, the exclusion criteria of nuclear power and armaments are applied and the four areas of the UN Global Compact, i.e. human rights, labour, environment and anti-corruption, are taken into consideration. The FNG quality standard also requires that transparency and process criteria be met.

Olaf Köster, fund expert and member of the FNG Board, who was involved in the development of the FNG Label, emphasizes that ensuring transparency is just the first step: “In a growing and complex market, the logical next step required is a quality standard. The FNG Label thus fills a gap which has hitherto existed in the German-speaking countries, and will play a key role in reducing search and information costs for investors,” concludes Köster. “In the light of the current period of historically low interest rates and in the context of retirement pension provision, funds are becoming increasingly relevant for a wide range of investors. The FNG Label offers guidance to anyone seeking to factor social and environmental considerations into their investments alongside financial criteria.”

The aim of FNG and its subsidiary GNG is to promote the development and quality of the sustainable investment market and continuously improve the quality of sustainable investments. “The FNG Label methodology reflects this aspiration in the multi-grade model it uses,” says Volker Weber, Chair of the Board of Directors at FNG. “It has helped to create competition between funds to come up with particularly well-developed and comprehensive sustainability strategies.” In concrete terms, funds can go beyond the minimum requirements and earn additional points in the areas of product standards, institutional credibility and selection and dialogue strategies, for which they may be awarded up to three stars.

“The FNG Label is based on an ambitious methodological concept,” stresses Dominique Blanc, Head of Research at Novethic, independent auditor and strategic project partner. “The inspection process has revealed that many funds meet requirements above the minimum threshold and that some funds are implementing sustainability strategies of a very high standard. At the same time, the methodology offers all funds incentives...
to make further improvements,” explains the research specialist from the French thinktank. “Based on our long experience of auditing funds, we can say that high demands on criteria and processes can make a decisive contribution to the development of the market for sustainable development in both qualitative and quantitative terms.”

Of the 34 funds that meet the minimum requirements, thereby complying with the quality standard for sustainable investments in the German-speaking countries, three funds received the highest award of three stars, 14 funds achieved two stars, 14 funds one star, and three funds received no stars.

The award procedure is being monitored not only by the Label auditor Novethic, but also by an independent committee of experts from a variety of disciplines. These include representatives from academia, NGOs, churches and consumer protection organisations. The FNG Label will be awarded annually. The next round of applications will commence in summer 2016.

On www.fng-siegel.org you will find further comprehensive information on the FNG Label, including a list of the funds that have been awarded the Label, details of the methodology and the players involved.

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Visual material: Printable photos and graphics relating to sustainable investments, can be found on the Label website.

Information on the FNG Label and the stakeholders involved

The FNG Label gives the German-speaking countries a quality standard for sustainable mutual funds. The Label’s minimum requirements consist of transparency and process criteria, the exclusion of weapons and nuclear power and the inclusion of provision for the four areas of the UN Global Compact: human rights, labour, environment and anti-corruption. Building on these, the multi-grade model gives funds the opportunity to score additional points in the areas of product standards, institutional credibility, selection and dialogue. The auditor of the FNG Label is the French research centre Novethic. GNG mbH (Gesellschaft für die Qualitätssicherung Nachhaltiger Geldanlagen) is responsible for handling organisational matters. The inspection process is also being monitored by an independent advisory committee of experts from a variety of disciplines. Further information on the FNG Label can be found on www.fng-siegel.org.

Forum Nachhaltige Geldanlagen (FNG), the industry association for sustainable investment in Germany, Austria, Liechtenstein and Switzerland, represents more than 180 members which are working to promote sustainability in the financial sector. These include banks, investment companies, rating agencies, financial advisers and academic institutions. FNG promotes dialogue and the exchange of information between the worlds of business, academia and politics and has been working to improve the legal and political framework for sustainable investments since 2001. FNG awards the Transparency logo for sustainable mutual funds, publishes the FNG Sustainability Profiles and has developed the FNG Label for sustainable mutual funds. FNG is also a founding member of the European umbrella organisation EuroSif.

The role of Gesellschaft für Qualitätssicherung Nachhaltiger Geldanlagen (GNG mbH) is to make an active contribution toward assuring the quality of sustainable investments in the German-speaking countries through the certification of financial products and the development of standards, methods and services. GNG mbH is a wholly-owned subsidiary of FNG e.V. and provides an appropriate range of services to support the goals of the industry association for sustainable investment in Germany, Austria, Liechtenstein and Switzerland. The inspection process is also being monitored by an independent advisory committee of experts from a variety of disciplines. Further information on the FNG Label can be found at www.fng-siegel.org.

Novethic deciphers the economy’s latest trends from a corporate responsibility angle. Novethic, a Media and Research Centre based in Paris, provides information and publishes studies on Europe’s responsible investment market. It aims to raise awareness among financial professionals and encourage the diffusion of responsible investment practices. Novethic is part of The Caisse des Dépôts group, a public group serving general interest and economic development.