Sustainable investment market in Germany grows by nine per cent – sustainable investment funds up by 30 per cent – new recording methods improve transparency and comparability

With a volume of investments totalling around 171 billion euros, sustainable investment in Germany has reached a new record high. Compared with the previous year, the volume of assets invested taking strict social, environmental and governance criteria into account grew by nine per cent. The total value of responsible investments in Germany as at 31.12.2017 stood at around 1.4 trillion euros. These are the key findings of the 2018 Market Report, which FNG – Forum Nachhaltige Geldanlagen is presenting today in Berlin.

Improved transparency due to new recording methods

Following harmonisation of the recording methods with European standards, the current market report distinguishes for the first time between sustainable investments and responsible investment. Whereas in the case of sustainable investments, investment strategies and criteria are defined and specified at product level, for example for sustainability funds, in the case of responsible investment, sustainable investment strategies are applied to all investments and integrated at the institutional level in each case, for example at asset manager level.

"Adjusting the methodology enabled us to achieve two things," explains Volker Weber, Chair of FNG's Board of Directors. "Firstly, we are better able to record and describe the different approaches, and secondly, it means that FNG has been able to respond proactively to the EU's more stringent requirements with regard to responsible investment." The new survey methodology has resulted in a number of changes compared with the previous year in the way investments are allocated to the two segments. For example, 25 billion euros will in future be classified under responsible investment rather than sustainable investment.

Sustainable investment market reaches record level

According to the new system, the total volume of responsible investments at the end of 2017 stood at 1.4 trillion euros. Investments of just under 171 billion euros are classified as sustainable investments, based on the comprehensive sustainability approach underpinning them.

Among sustainable investments, sustainable investment funds showed particularly strong growth in 2017. Their volume rose by 30 per cent to around 30 billion euros. Sustainable mandates also reached a new high, with a total volume of 62 billion euros (+11%). With growth of 17 per cent in 2017, sustainable investment funds and mandates remain below their average growth rate, which since 2005 has stood at around 27 per cent. Nonetheless, their growth significantly exceeded that of the market as a whole.

Exclusions again the most important sustainable investment strategy

With investments of 83.3 billion euros, exclusions applied to sustainable investment funds and mandates are by far the most commonly used sustainable investment strategy. The next-highest-ranked strategies were direct dialogue with companies, also referred to as engagement (52.7 billion euros), norm-based screening (50.8 billion euros) and the integration of social, environmental and governance criteria into traditional financial analysis (ESG integration), which influenced investments totalling 49.6 billion euros. Among the exclusion criteria applied to companies, violations of human rights and labour rights feature particularly prominently. The main exclusion criteria applied to countries are the prevalence of corruption and failure to ratify environmental conventions.

EU action plan expected to stimulate further growth

For the current year, the majority of the experts surveyed anticipate growth of up to 30 per cent in the sustainable investment market. They believe that demand from institutional investors and legislative changes will provide important growth stimuli. FNG sees the EU Commission’s action plan on financing sustainable growth as being particularly significant in this context.

Claudia Tober, FNG’s Executive Director, explains that the EU Commission’s recently published proposal for the further extension of the duties of institutional investors is already playing a key role in the transformation to a more sustainable financial market.
This year’s FNG Market Report is being published to coincide with the German Sustainability Action Days and the European Sustainable Development Week.

The FNG Market Report could not have been put together without the support of a few very committed association members. Particular thanks are due to the following sponsors and supporters: Union Investment, ISS-oekom, SDG Investments GmbH, YourSRI.de, imug, NKI-Institut für nachhaltige Kapitalanlagen, KlimaGut Immobilien AG, Qualitates GmbH, Raiffeisen Capital Management, RobecoSAM and Southpole Group.

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Study:
Marktbericht Nachhaltige Geldanlagen 2018 – Deutschland, Österreich und die Schweiz

Press documents:
Germany: Sustainable investment market in Germany grows by nine per cent – sustainable investment funds up by 30 per cent – new recording methods improve transparency and comparability
Austria: Sustainable investment market in Austria reaches new record high – sustainable investment funds up by 18 per cent
Deutschland: Nachhaltiger Anlagemarkt in Deutschland wächst um neun Prozent – nachhaltige Investmentfonds legen um 30 Prozent zu – neue Erhebungsmethodik verbessert Transparenz und Vergleichbarkeit
Österreich: Nachhaltiger Anlagemarkt in Österreich erreicht neues Rekordvolumen – nachhaltige Investmentfonds legen um 18 Prozent zu
Schweiz: Markt für verantwortliches Investieren in der Schweiz erreicht neues Rekordvolumen – Aktien besonders beliebt, Anteil der Privatanleger deutlich gestiegen – neue Erhebungsmethodik fördert Transparenz und Vergleichbarkeit
Deutschland, Österreich, Schweiz: FNG-Marktbericht nimmt systematische Abgrenzung zwischen verantwortlichem Investieren und Nachhaltigen Geldanlagen vor– verantwortliches Investieren erreicht 2017 absoluten Höchststand

FNG – Forum Nachhaltige Geldanlagen, the industry association for sustainable investment in Germany, Austria, Liechtenstein and Switzerland, represents over 170 members working to promote sustainability in the financial sector. These include banks, investment companies, rating agencies, financial advisers, academic institutions and private individuals. 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. It awards the Transparency logo for sustainable mutual funds, publishes the FNG Sustainability Profiles and has also developed the FNG Label for sustainable mutual funds. FNG is also a founding member of the European umbrella organisation Eurosif. Further information can be found at www.forum-ng.org and Twitteraccount @FNG_eV.

The Sustainable Investment Market Report – Germany, Austria and Switzerland is FNG’s main annual publication. It is used as a source by industry insiders, journalists, academics and politicians who need up-to-date data on sustainable investment. As well as figures for sustainable investment, which have been collected since 2005, from 2018 onward, volume data for the responsible investment market will also be collected. In addition, the market report offers a wealth of other information which can be used for identifying current developments and trends – including data on sustainability-oriented specialist banks.