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Newsletter

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Germany Exports ESG Standards

In a recent study the Institute of the German Economy asked 650 German export companies, including 12 of the DAX-30 companies, about the sustainable development contributions of their international activities in China, Brazil, India, Mexico, Turkey, South Africa and Malaysia. These countries represent around 80% of Germany's foreign direct investments in emerging markets.

Out of the 74 companies (11.4%) that participated in the study 85% stated that they apply the same environmental standards and 81% apply the same social standards for their employees and workers abroad as in Germany. 65% stated that they educate and train their foreign workforce according to German quality standards. 95% of respondents actively apply measures against child labor, while 51% enforce these measures also in their supply chain.

95% of respondents actively fight corruption with specific measures and 83% apply the same anti-corruption rules and standards as in Germany.

Environmental and Safety Standards

Out of 74 companies that responded to the survey 45 companies (625) use an environmental management system with ISO 14001 clearly the leading standard. 75% apply safety standards such as OHSAS 18001 or in-house systems to prevent accidents.

Critics of the study remark that the study relies only on respondents' answers without third party verification and that human rights are not even mentioned in the study.

Nevertheless the study concludes that German companies not only export their goods and services, but also their strong ESG standards to key emerging markets.

http://www.econsense.de/de/infocenter/presse/deutsche-wirtschaft-setzt-auf-nachhaltigkeits-standards-im-

SRI Volume Jumps 47% in German Speaking Countries in 2014

According to the Forum on Sustainable Investment (FNG) the volume of sustainable investment in Germany, Austria and Switzerland grew by 47% to EUR 197.5bn in 2014.

"Exclusion criteria, the best-in-class approach and the integration of sustainability criteria into traditional financial analysis remain the most important approaches" says Claudia Tober, FNG's Executive Director. "While impact investment ranked lowest in terms of volume, it has made particularly strong gains, achieving growth of 74%." FNG has been recording this particular strategy since 2011.

In 2005 FNG had issued its first market report on sustainable investment and the latest report (2015) now marks a full decade of reporting on sustainable investment in Germany, Switzerland and Austria. Over this period the market has grown 15-fold

http://www.forum-ng.org/en/76-mitglieder/755-sustainable-investment-market-report-2015-germany-austria-and-switzerland.html

OECD Issues New PFI

In June the 34 OECD members agreed on a new *Policy Framework for Investment* (PFI) with an increased focus on SMEs as well as global supply chains. The new PFI also addresses gender equality issues as well as political measures to direct investment towards environmental growth.

The OECD offers the PFI as a global reference for investment policy and development co-operation, supplementing its existing Guidelines for Multinationals as well as the G20/OECD Principles for Long Term Finance by institutional investors.

http://www.oecd.org/investment/pfi.htm

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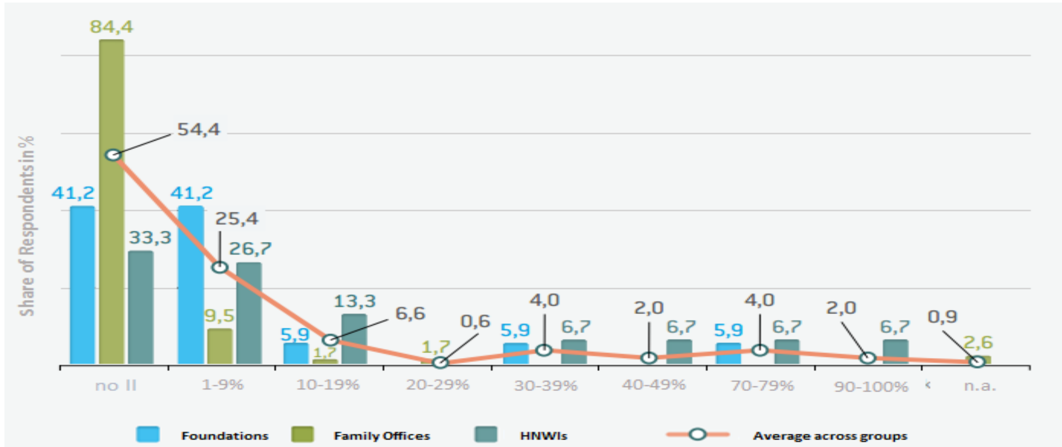

Impact Investing in Germany

The German Bertelsmann Foundation performed standardized interviews (supplemented by standardized questionnaires) across Germany with 50 representatives of

- Foundations (17)
- Family offices (18)
- High Net Worth Individuals (15)

about their position on Impact Investing (II). Following the Global Impact Investing Network (GIIN) II is defined as *"investments made into companies, organizations & funds with the intention to generate a measurable, beneficial social or environmental impact alongside financial returns."*

More than half of the participants (54%) do not actively engage in II while 25% dedicate up to 9% of their capital to II and 12% invest more than 30% in II. Also more than half of the participants (54%) would accept a lower financial yield on their II as long as the financial yield remains positive. 64% of participants have a longer time perspective for SIIs compared to conventional investments.

Local/Regional Focus for Impact Investing
Most of the participants focus their II locally or regionally (close to their own city or district) with very few investing beyond Europe.

Family offices do not actively promote II in their role as fund managers, but rather respond to their customers' requests for II. The role that II plays in foundations on the other hand strongly depends on the foundation's beneficiary or its mission.

Across the board participants see lack of information, lack of products and lack of product standardization as the key hurdles for II in their financial activities.

https://www.bertelsmann-stiftung.de/de/publikationen/publikation/did/risiko-rendite-und-wirkung-die-anlagebereitschaft-deutscher-stiftungen-und-vermoegender-anlege/

G7 on Climate Change & Fossil Fuels

G7 leaders meeting in Bavaria, Germany, said that in line with scientific findings, "deep cuts in global greenhouse gas emissions are required with a decarbonization of the global economy over the course of this century".

The Group of Seven industrial powers have agreed the world should phase out fossil fuel emissions this century, in a move hailed as a historic decision in the fight against climate change. At their June 2015 summit the G7 also reaffirmed the 2 degree Celsius target for Global Warming.

The leaders of the US, Germany, France, the UK, Japan, Canada and Italy said they supported cutting greenhouse gases by 40 to 70 % by 2050 from 2010 levels — the first time they have backed such a precise long-term target. Angela Merkel, the German chancellor, said the cuts would have to be at the upper end of this target because "40 per cent is clearly not enough". The leaders also reaffirmed a pledge to mobilize $100bn a year from public & private sources by 2020 to help poorer nations tackle climate change.

In combination with recent investor decisions to exit coal the new G7 strategy to completely phase out fossil fuels by the end of the century shines a new light on the concept of the *Carbon Bubble* by the UK's Committee on Climate Change.

Please contact us at info@connexis.ch to subscribe to our newsletter or to start a conversation about CSR and ESG in your organization.

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