

# MARKET DATA

## SUSTAINABLE LABELS EUROPE

at 31.MAR.2021



## LABELLING SLOWED DOWN BY THE DEPLOYMENT OF NEW REGULATIONS

The first quarter of 2021 did not see a surge in the number of labelled funds. On the other hand, the 1,500 mark should be easily passed in the next quarter. The largest number of labels for this first quarter is attributable to the Belgian Towards Sustainability label with 44 additional funds, followed by the French Label ISR with 35 additional funds.

In terms of subscriptions, the Greenfin label recorded the highest inflows rate, +14% compared to December 2020, followed by the Umweltzeichen and Towards Sustainability labels at +12%. Next come FNG-Siegel with +10%, Nordic Swan with +8%, the Label ISR with +6% and finally LuxFLAG (ESG, Climate Finance and Environment) with +4%. With regards to the Greenfin label, this inflow is concentrated on 2 equity funds and 4 green bond funds, with more than €100 million in inflows during the quarter.

### Postponement of the Towards Sustainability standard update

The first revision of the standard for the Belgian label, initially expected for 31 March, has finally been pushed back. This revision will have to include harmonisation of the standard with the European sustainable finance framework (SFDR, Taxonomy and Benchmark).

### French Label ISR undergoing "strategic refocusing"

The Ministry of the Economy and Finance has published the report of the General Inspectorate of Finance (IGF) at the end of March, devoted to the assessment of and prospects for the development of the French SRI label. Created in 2016, it had been singled out by French sustainable finance players for shortcomings over recent years, despite its undeniable success with asset management companies, which quickly propelled it to the top spot among European sustainable finance labels.

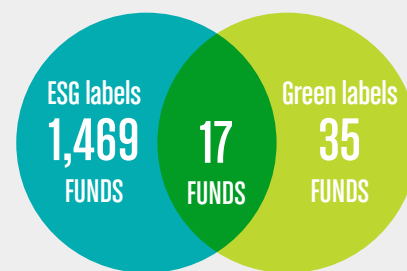
The label supported by the Ministry has not been modified since its launch in 2016 and has remained without official governance for several months. A mission of the IGF has been mandated to draw up an inventory and make proposals. The report is rather severe and stresses that the French label does not guarantee any channelling of funding towards truly sustainable activities and that it needs governance to prepare its adaptation to the new European regulatory framework.

The IGF concludes by recommending that the standard be overhauled, with normative and sectoral exclusions as the main priority, possibly combined with exceptions for issuers in transition.

€ 827 bn\*    ↑ +20%\*\*

1,490 Funds

\*AUM    \*\*YTD



### 9 european labels of sustainable finance

Label	€ bn	Funds
SRI Label	€ 422 bn	684 funds
FNG-Siegel	€ 69 bn	169 funds
LuxFLAG ESG	€ 132 bn	245 funds
Towards Sustainability	€ 361 bn	486 funds
Umweltzeichen	€ 39 bn	120 funds
Nordic Swan	€ 27 bn	54 funds
LuxFLAG Climate Finance	< € 1 bn	2 funds
LuxFLAG Environnement	< € 1 bn	4 funds
Greenfin	€ 16 bn	29 funds

Novethic regularly analyses and quantifies the European market of funds awarded with a sustainable finance label. The scope mainly covers listed investment funds (open-ended funds, ETFs) excluding unlisted funds, savings products, insurance funds, etc. to be able to compare equivalent scopes.

# MULTI-LABELLING IS GAINING GROUND

Nearly 20% of funds now have at least a double label. More than 150 funds have both the French SRI label and the Towards Sustainability standard. The phenomenon of dual labelling is also marked in German-speaking countries between the Austrian Umweltzeichen and the German FNG-Siegel. Both are similar in their approach, attesting to the quality of the SRI/ESG management process thanks to a points-based scale and include climate exclusions.

The German FNG label is experiencing better growth than the Austrian Umweltzeichen label, both in terms of the number of funds labelled (+60%\* over one year) and in terms of assets under management (+145%\* over one year). Although only four new funds were labelled during the year, the Umweltzeichen label nevertheless recorded growth of more than 80% in assets under management compared to March 2020.

\*Growth of FNG-Siegel label since March 2020.

At 31/12/2020	Number of products labelled	Novethic scope	AUM in €bn	Multi-labelled funds	Other most frequent label
	Official lists	Comparable scopes (listed funds)			% total
SRI Label	687	684	422	158 (23%)	20% Towards Sustainability
FNG-Siegel	169	169	69	87 (51%)	27% Umweltzeichen
LuxFLAG (ESG, Climate Finance, Environment)	273	251	133	52 (21%)	16% Towards Sustainability
Towards Sustainability	512	486	361	193 (40%)	29% SRI Label
Umweltzeichen	123	120	39	49 (41%)	38% FNG-Siegel
Nordic Swan	59	54	27	6 (11%)	11% FNG-Siegel / Towards Sustainability
Greenfin	59	29	16	16 (55%)	34% Towards Sustainability
<b>TOTAL</b>		<b>1,490</b>	<b>827*</b>	<b>255</b>	

\*Total AUM with no double counting of multi-labelled funds

## NOVETHIC MARKET DATA

Every quarter, Novethic captures trends in the European sustainable finance funds market.

Also refer to the Market Data:

[SUSTAINABLE FUNDS FRANCE](#)

[GREEN FUNDS EUROPE](#)

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