

# **Activity Report 2017**

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# Foreword

2017 was a year of important changes and developments for Forum Ethibel. The new business plan, adopted in 2016 by the Board of Directors, was rolled out in 2017. Well-established products and services, such as the Ethibel label and the Forum Ethibel certificates remain, of course, an integral part of that, adapted where necessary. However, the demand for products and services on the financial markets evolves continuously. That was also strongly demonstrated in 2017. Portfolio owners and other clients increasingly expect that our services take into account their own, specific criteria and that they should, in fact, be tailor made. We have made sure that our strategy and our working methods respond to those demands.

We have also initiated the exploration of cooperation opportunities with - for us - new target groups (such as pension funds, local governments, NGO's, universities), which can be expected to put the promotion of sustainable investment high on their agenda. Moreover, we are constantly looking out for suitable partnerships that can bring added value to the work of Forum ETHIBEL. We have established partnership agreements in 2017 with "The Shift" and "Fairfin" who we believe will contribute towards new perspectives for the future.

Quite an amount of adaptations and challenges to deal with therefore, exactly in the same period when Kenny took up his function as our new General Director and also while Laura and Ro had, in fact, not yet been on board for that long. But the new team has acquainted itself remarkably quickly with the substance of our work as well as with the daily management and functioning of the organisation. With special thanks to Guy and Herwig for their much valued help in this transition year.

We have obtained an encouraging number of positive results in the course of 2017 and in the first quarter of 2018, in light of the objectives and the new pathways of our business plan. We cannot, however, judge the outcome of our efforts in this regard on the basis of the results of a one year period only. We trust that 2018 will bring us confirmation of this positive trend and we look forward to the future with confidence.



Eddy Laurijssen  
Chairman Forum ETHIBEL

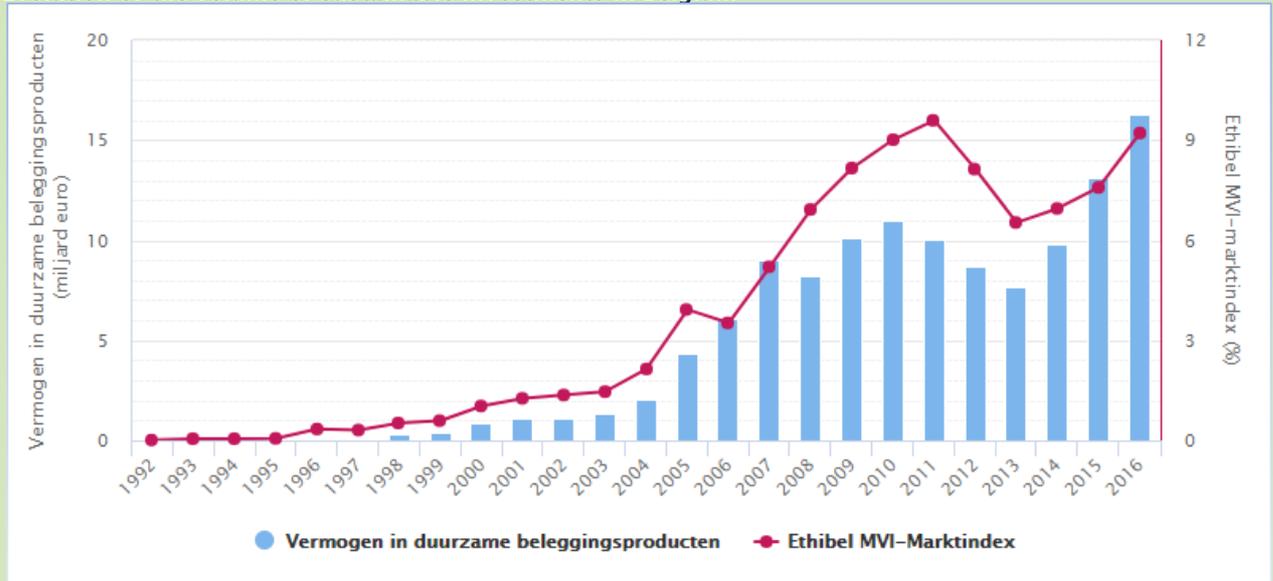
16 April 2018

## SRI IN BELGIUM

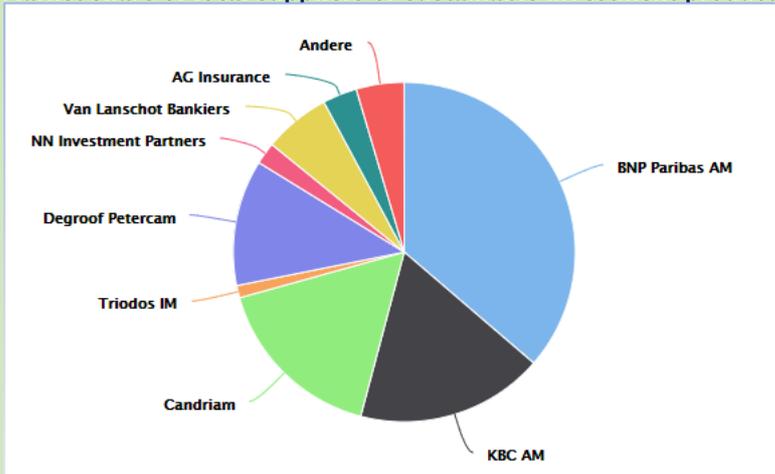
Forum ETHIBEL has **actualised** the time series on sustainable savings and investments in Belgium, a study commissioned by MIRA (Milieurapport Vlaanderen – Environmental report Flanders).

Since 2013, the volume of sustainable investments in Belgium has been on a **constant upward trend with a new record volume of 16.3 billion euro in 2016**. In line with this growth, the share of sustainably managed investment products, including fund of funds, increased in comparison to the total volume of investment products. The evolution of private banking has been surveyed as well. This increased from 2.6 billion euro at the end of 2015 to 3.1 billion euro in 2016.

### Evolution of the volume of sustainable investments in Belgium



### Market share of local suppliers of sustainable investment products



The Belgian market also offers for more than 30 years the possibility for sustainable savings. However, the volume of these savings declined steadily from 3.7 billion euro in 2014 to 3.1 billion euro in 2016.

It can be concluded that sustainable investment products are currently more interesting than sustainable savings. The persistence of low interest rates on savings accounts can play a role. The psychological barrier to invest in a riskier manner, with potentially higher returns than on a savings account, can be overcome.

Source: [VMM](#), Forum ETHIBEL, Mira Duurzaam Sparen en Beleggen in België in 2016

# I. Anniversary

## A. Mission & vision

Our mission is to enhance **transparency**, **social responsibility** and **ethical behaviour** on financial markets.

We do this through the development of specific services and products, including quality labels, audits and certifications of financial and non-financial products that comply with specific ethical criteria and **commitments** in terms of the environment, social aspects and good governance.

To achieve this, we work together with investors, savers, financial institutions, companies, governments and NGOs and we actively contribute to **standardization and quality-setting** in the SRI sector.

Forum ETHIBEL believes that **SRI and CSR** are both a means and a condition to achieve a sustainable society.

## B. 25 years of SRI and CSR

25 years ago, on August 16th, Ethibel started its first activities with the objective to perform independent screenings of ethical investment funds. In the early nineties, the market of **ethical investments was relatively new**, although many individuals and associations were already interested in supporting socially relevant causes with their savings.

In 2006, Ethibel chose to adopt a new name: Forum ETHIBEL. By adding the word 'Forum', the organisation emphasised that sustainability and SRI standards were (and are) only meaningful within the context of a **wide social debate**.

By 2006, the landscape of ethical investment funds had thoroughly changed: much more products, which are presented as ethical and sustainable, have entered the market. This great **variety of products** is attractive for consumers but it becomes harder and harder to assess the ethical quality of the funds. Therefore, forum ETHIBEL and its high-quality label are still indispensable on the market.

In addition, the organisation expands its activities with **audits and certifications of funds** which do

not (or not entirely) follow the Ethibel criteria. This allows Forum ETHIBEL to offer investors a first **guarantee** that the criteria imposed by the financial institutions upon themselves are actually respected. The organisation also makes commitments towards the authorities, companies and organisations by means of advice.

Starting 2016, Forum ETHIBEL developed a new business plan which has been further unfolded throughout 2017. Forum ETHIBEL **assists institutional investors** in Belgium in formulating and implementing a sustainable investment policy.

Today, we still hold a **unique position in the Belgian market** and we work together with investors, public & private organisations, financial institutions and policy makers to contribute to a more sustainable society. In dialogue with different stakeholders, Forum ETHIBEL - just like 25 years ago - wants to have a maximal societal impact.

## II. Forum ETHIBEL products & services

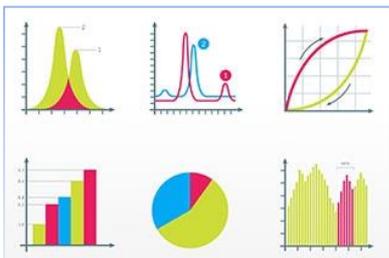


### 1. Trendsetter

A number of products are developed based on the **values and choices of Forum ETHIBEL**. The register is the basis and from there the ETHIBEL label funds and indices are established.

#### A. Ethibel Register

To realise the **Ethibel register**, we work with the Register Committee. This is an independent body that provides advice to the Board of Directors in terms of the Ethibel methodology and the composition of the Ethibel Investment registers.



All external advisors of the Register Committee have extensive professional experience in domains like business ethics, the environment, labour rights, economics and ethics, human rights and international relations. They are a member in their personal capacity. The Register Committee is an important element of the quality management system of the Ethibel label due to the complete independence of this body, its long existence and the acquired experience.

Forum ETHIBEL's methodology balances between **data versus nuance** and **financial realism versus extra-financial criteria**. Data refers to quantitative information provided by a third party while nuance is the qualitative assessment contributed by a team of experts.

**Financial realism** is translated in the investment register and the commercial products (labels and index) that originate from it. The composition of the register aims a balanced sectoral and geographical spread. However, **extra-financial criteria** determine whether a company is included in or excluded from the investment register.

This balanced approach results in a layered process: on one hand, a large amount of reliable data is invoked; on the other hand, the methodology relies on the judgment of the experts in the Register Committee.

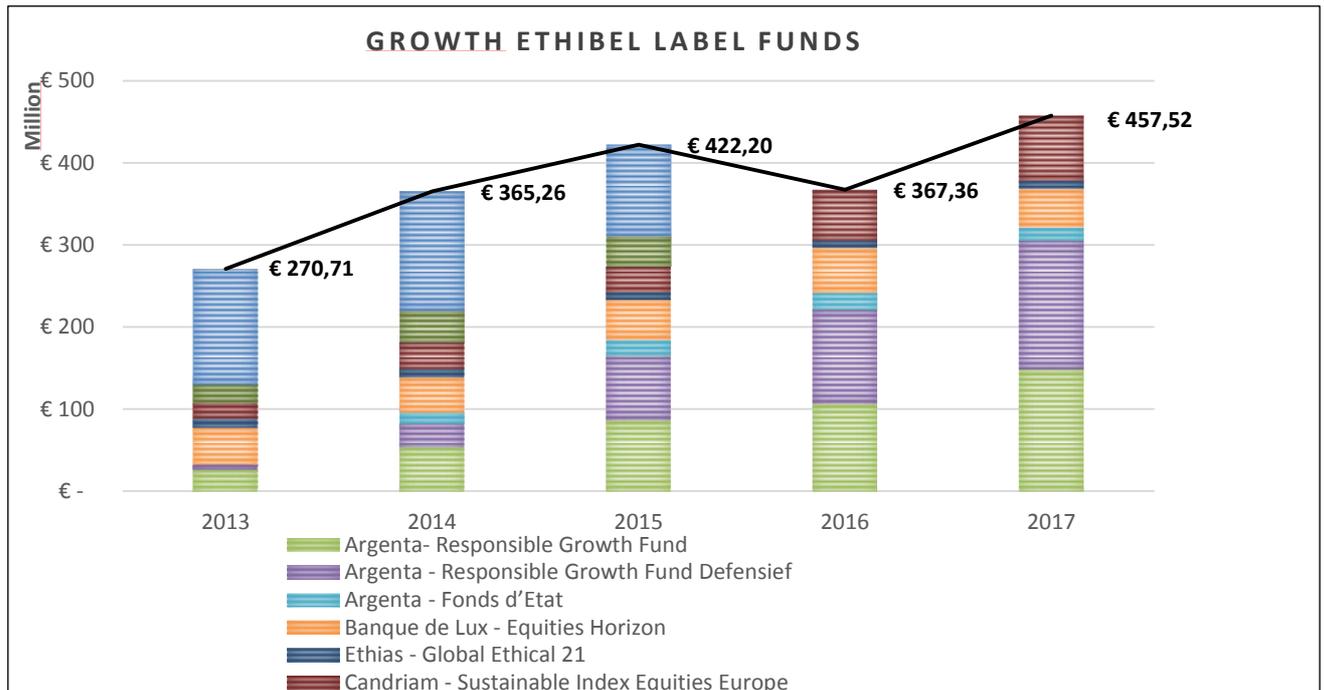


## B. Ethibel labelled funds

Financial products that only consist of stocks and bonds that are part of the Ethibel Register can apply for the Ethibel PIONEER or Ethibel EXCELLENCE label.

The Ethibel labels are collective European quality marks for financial products. The Ethibel PIONEER label is assigned to funds that only contain companies with an outstanding CSR performance, hence 'pioneering' companies in terms of CSR. The Ethibel Excellence label is assigned to funds comprised of companies that have an above average CSR performance.

The graph below shows the percentage growth of assets under management over a period of 5 years (2013-2017). This growth of 69% does not take into account figures from derivatives of the ESI (index).



## C. Ethibel sustainability indices

On the basis of the Ethibel EXCELLENCE register, Forum ETHIBEL composes two sustainability indices namely the Ethibel Sustainability Indices (ESI). These indices allow fund managers to **compare sustainable investments with traditional investments**.

The ETHIBEL sustainability indices were launched for the first time in 2002 and are since then an important benchmark and reference point for SRI and CSR. There are two different indices, the Ethibel Sustainability Index (ESI) Excellence Europe and the Ethibel Sustainability Index (ESI) Excellence Global.

To be included in the ESI indices, shares should be part of the Russell Europe Index or the Russell World Index. In addition, they should comply with the specific requirements in terms of market capitalisation.

The ESI Excellence Europe contains a selection of 200 European companies from the Ethibel EXCELLENCE Register that comply with the technical requirements of the rulebook. The ESI Excellence Global on the other hand, selects the largest companies globally in accordance with the ESI rulebook. The number of companies included is variable and usually fluctuates between 85 and 90. The composition of both indices is updated two times per year.

## 2. Tailor made support

With this set of services, we start from **the values and choices of customers**. On the one hand, we carry out independent monitoring of financial products that are brought onto the market by financial players. On the other hand, we guide and support institutional investors in drafting and implementing a sustainable investment policy.

### A. Audit and certification services

To make use of the Forum ETHIBEL audit and certification services, clients define their own criteria or quality requirements as terms of reference for the audits. A certificate full or partial confirms conformity.

- Forum ETHIBEL does not certify just any product: a number of **minimum SRI standards** have to be met. However, as a minimum, criteria are formulated with regard to labour and human rights, environmental crimes and armament. The principles of UN Global Compact are consequently embedded in the minimum criteria.
- SRI portfolio advice: Based on portfolio screenings, Forum ETHIBEL can advise on SRI transition issues to retail and institutional asset managers.

The difference between an Ethibel label and a Forum ETHIBEL certificate is the fact that an Ethibel labelled fund only includes companies that are part of the Ethibel Investment Register, guaranteeing good performance/scores in all domains of CSR, whereas a Forum ETHIBEL certificate confirms compliance of a fund with its self- defined rules and regulations.

### B. Tailor made guidance and support

Starting 2016, Forum ETHIBEL developed a new business plan which has been further unfolded throughout 2017. **Forum ETHIBEL assists institutional investors in Belgium in formulating and implementing a sustainable investment policy.** The business model focuses on 5 types of institutional investors: local governments, universities, NGOs, pension funds and congregations.

Forum ETHIBEL offers A to Z solutions to these investors. The first step for an investor is to **define its own investment policy according to the identity, mission and vision of the organization**. By supporting an organization to define their sustainable investment policy, the clients are encouraged to implement the then principles of UN Global Compact.

After defining the policy, the next step is to map the current situation. The sustainability choices need to be translated into concrete and measurable SRI policies. Through a pragmatic approach, the current portfolio can be transferred into the desired portfolio.

In the third stage, transactions and financial positions are periodically monitored to ensure that the self-imposed policy is effectively respected. Deviations are mapped and step by step corrections can be made.

Finally, a positive follow-up monitoring process is confirmed by a certificate that guarantees external compliance with the rules imposed.

## 3. Social embedding

Forum ETHIBEL also provides products and services with a societal added value. On one hand, our organisation aims to encourage capacity building by conducting research. On the other hand, audits and technical support is provided for social organisation.

## A. Research and capacity building

Commissioned by governments, NGO's or other actors, Forum ETHIBEL regularly conducts research related to SRI methodology and perception, including the compilation of relevant statistics and trend analysis.

Since 2001, Forum ETHIBEL conducts the **MIRA-report** on yearly basis that updates the evolution and tendencies regarding sustainable investments and sustainable savings (since 2010) on the Belgian market. These reports are accomplished on the request of the Flanders Environment Report (MIRA).

In 2017, Forum ETHIBEL also executed a research commissioned by The Shift, a Belgian meeting point for sustainability. This study resulted in a **practical guideline for investors who wish to decarbonize their investment portfolio**. This study was combined with an event, organized in September 2017, addressed to investors that are interested in withdrawing and reinvesting their fossil fuels from a fair transition to a low-carbon society.

Both studies promote greater social and/or environmental responsibility and encourage (institutional) investors to support a precautionary approach to societal and environmental challenges.

## B. Audits of social organizations

Besides audits for financial products, Forum ETHIBEL also offers social audits. This process requires an organization to define its societal impact and its ethical behaviour. It takes into account the company's objectives and the expectations of various stakeholders and the wider society. These objectives are measured, evaluated and reported on a regular basis and adjusted if necessary.

Just like financial audits indicate the financial health of a company, a social audit gives evidence of a company's social-ethical health; a social audit verifies the social-ethical health. The audit is based on qualitative and quantitative performance indicators, dialogue and benchmarks.

## III. 2017 at a glance

### 1. Partnerships

Given that Forum ETHIBEL is a small organization, we find it important to enter into partnerships. By collaborating, we can share each other's public and resources so that our message can be communicated even **stronger** and **more effectively**.

In 2017, new partnerships have been achieved between us and [FairFin](#), an activist socio-cultural organization that has been encouraging people for 35 years to use money as a means of social change. We share common objectives; however, our approaches are different and therefore complementary.

Since last year, there has also been close collaboration with [The Shift](#). This is a Belgian sustainability network that brings together 350 companies, NGO's and other organization to stimulate partnerships and help co-create sustainable business models. Due to this collaboration, a study on [Climate Change and fossil fuel \(dis\)investment](#) was realized in 2017. Subsequently a learning network was established with the aim of actively promoting and supporting sustainable finance management. The network will be further unfolded throughout 2018.

Forum ETHIBEL appeals to the services of [Vigeo Eiris](#) to develop the Ethibel investment register. Vigeo Eiris is a European CSR rating agency, responsible for data collection and processing, performance analysis and industry benchmarking. It is important to note that the cooperation is not exclusive and that, apart from the Ethibel investment register, Forum ETHIBEL collaborates also with other partners.

### 2. New director

In July 2017, we welcomed Kenny Frederickx as the [new director](#) of Forum ETHIBEL. With his affinity with corporate responsibility and sustainable investment, he wants to shape the strategic objectives - written by the Executive Board - and boost Forum ETHIBEL as a service provider. Forum ETHIBEL must be and must remain a link between investors, savers, financial institutions, companies, NGO's and governments.

### 3. Renewal commitment UN Global Compact

In August 2017, Forum ETHIBEL reaffirmed its support to the United Nations Global Compact and the ten principles with respect to human rights, labour rights, environment and anti-corruption. The principles of UN Global Compact are **embedded in our core business** and are prominently part of our responsible investment criteria and are the basis of our certification services. Forum ETHIBEL has the ambition to continue promoting corporate social responsibility in general and the ten UN Global Compact-principles in particular amongst institutional investors in Belgium.

### 4. Communication

In 2017, extra attention was paid to external communication. Since the summer, a Forum ETHIBEL newsletter is sent out on trimestral basis. The updated policies were communicated in December. Incidentally, there is more attention for networking.

## IV. The structure of Forum ETHIBEL

Members of the Board of Directors
Eddy Laurijssen (chairman)
Dirk Van Braeckel
Harry Harding
Antoine Harmant
Guy Mattan
Herwig Peeters
Jan Vandenhove
Matilde Defraeije

Register Committee
Luc Van Liedekerke (chairman)
Dirk Ameel
Stephanos Anastasiadis
Luc Hens
Eddy Laurijssen
Céline Louche
Christel Dumas
Jan Vandenhove

The team
Kenny Frederickx, General Director
Herwig Peeters, Senior Auditor
Ro Van den broeck, Research officer
Laura Uwase, Research officer