



Press Release

ESG scale for financial products promises more clarity on sustainability in investments

21.02.2024 - Sustainability in investments is playing an increasingly important role for many private investors. However, complex and not very user-friendly information often makes it difficult for them to make the right investment decisions. The ESG scale for financial products designed by the German Sustainable Finance Advisory Committee provides a remedy by offering private investors easy-to-understand information on the sustainability characteristics of financial products.

"With its ESG scale, the Sustainable Finance Advisory Committee is proposing a concrete measure to increase the transparency of financial products and thus to implement the German government's sustainable finance strategy. The proposed ESG scale will provide investors with simple guidance on the ESG characteristics of financial products and thus simplify investment decisions. It is important to the Advisory Committee that the ESG scale is based on existing European regulation and does not lead to more complexity for market players," explains Georg Schürmann, head of the ESG scale working group at the SFB.

The ESG scale illustrates the sustainability characteristics of financial products according to categories A to F. Products in category A are characterized by a high proportion of sustainable investments. Products in level F do not take any sustainability criteria into account.

Although the current legal situation already requires investors to be informed about the sustainability features of financial products, this information is often not prepared in a way that is appropriate for the target group. With the ESG scale, the SFB is demonstrating a concrete way of illustrating sustainability indicators in the form of an easily comprehensible form. This makes the world of sustainable investment more accessible.

An initial practical check in cooperation with the Department of Sustainable Finance at the University of Kassel and the Chair of Finance and Banking at the University of Augsburg showed that the ESG scale is generally perceived positively by investors as well as by people in sales and product management. The German government also welcomes this initiative for simpler and more practical information for private investors.

Silke Stremlau, Chairwoman of the SFB, makes clear: *"We need simple and understandable instruments to mobilize private capital for transformation financing. The ESG scale belongs in this toolbox."*

The SFB now hopes that the ESG scale will be anchored in EU legislation.

The full final report is available on the [website](#) of the Sustainable Finance Advisory Committee.

Contact SFB

SFB-Geschaefsstelle@bmf.bund.de

Tel.: +49 3018 682 3069

Responsibility for content under German media law: Silke Stremlau, Chair of the Sustainable Finance Advisory Committee of the German Federal Government

The Sustainable Finance Advisory Committee

The German Sustainable Finance Advisory Committee advises the German Federal Government on sustainability aspects in the financial system. Consisting of 34 experts from the financial sector, the real economy, civil society and academia, and supported by 19 observers, it acts independently. It supports the German Federal Government in the implementation and further development of the German Sustainable Finance Strategy and advises relevant stakeholders on how to position themselves.