

# Developing the European Responsible Consumer Fund

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Investment fund of an international consumer organisation Conseur is looking at both Corporate Governance and Sustainability criteria

The Conseur group operates as an independent consumer organisation in 5 countries (Belgium, France, Italy, Spain, Portugal). It is seeking to promote independent consumer information and safeguard consumer interests. Conseur publishes 29 magazines in 5 languages and employs more than 600 people. Its basic magazine has over 1 million subscribers making it the largest independent consumer organisation. A weekly newsletter publishes financial analysis on stocks and shares.

In 2001 – well before Enron and Worldcom were making the headlines – Conseur started to develop the concept of a Europe-wide retail fund designed for investors which are interested in using social, environmental and governance criteria for their investment decision. The idea was to create a fund (for the Conseur members and other retail investors) which defines an investment policy for small investors and consumers which is

- keeping up the rights of minority shareholders
- looking at the social and ecological impact of companies
- Safeguarding consumers' rights

at the same time. And the fund is meant to be a good financial investment in the end, too!

In order to find out about criteria, which are relevant to its members, Conseur carried out a survey through its magazines. In addition imug was asked to provide expert knowledge on potential sustainability and governance criteria. Joint workshops were held and different approaches were explored both by imug and Conseur.

The result was a defined and detailed set of criteria, including some exclusionary criteria (such as environmental scandals and human rights violations). Among the positive criteria are environmental management systems, systems for monitoring relations with clients / suppliers and diversity management.

But the specialty of the fund is the focus on corporate governance. More than 25 corporate governance criteria have been developed, ranging from shareholders' rights, over board functioning to transparency and disclosure from the companies. The CG criteria were analysed through questionnaires and documents provided by the companies.

A database Ethical Portfolio Manager (developed by EIRIS, London and containing more than 2.500 international companies analysed against 250 criteria) was used for social, ecological and consumer related criteria. On top of that a regular issue monitoring of topics relevant to consumers is carried out by imug. The consumerist evaluation assesses among others the evidence of fines, proceedings regarding consumer or business practice breaches (e.g. cartels or monopolies).

The sustainability and corporate governance criteria and the economic analysis of the companies are calculated separately. Financial criteria and social/ecological/CG criteria each weight 50% for the final score. This score produces the investment universe of the fund in the end. Today the fund is registered as a SICAV in Luxemburg.

Conseur thinks that this fund is an appropriate possibility for consumers, stakeholders and private investors to watch the activities of large caps and maintain control mechanisms of civil society – realising a good long-term investment after all.

### **Curriculum Vitae**

Kirein Franck (born 1962, economist by profession) is heading investment research at imug (Hanover, Germany). imug investment research is focusing on corporate research and market research projects in the field of socially responsible investments in Germany.

imug is undertaking a series of surveys and studies on the German SRI market, among others supported by the German Ministry of Education and Science. A ranking of SRI funds available in Germany has been published. In January 2004 a multiclient study on private investors and their stance on SRI was concluded.

On the side of practical SRI research, Kirein is working with a number of clients and partners, such as EIRIS (London) and the network of 7 international research groups producing EPM, a database which contains information on more than 250 SRI criteria for 2500 companies worldwide. imug is contributing research on 180 German (DAX), Swiss and Austrian companies.

imug is also doing research for the German Naturaktienindex NAI which is focusing on 25 pioneering companies in ecological and social terms. Its methodology is considered as the strictest among German SRI indices.

Together with a number of European research groups such as Ethibel, the SIRI Company and EIRIS imug has developed Voluntary Quality Standard on Corporate Sustainability and Responsibility Research (CSRR-QS, see [www.csrr-qs.org](http://www.csrr-qs.org)).

Kirein is managing these projects and has contributed to a number of books and international conferences. He is married and father of a son.

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