

Stuttgart passes new financial legislation divesting from nuclear weapons

On July 27 2017, Stuttgart [adopted](#) policy to allocate the city funds in accordance to environmental, social and governance (ESG) criteria. In 2016, the [city held](#) around 88.6 Million Euro in fund assets and 1.67 billion Euro in stocks.

The initial motion was started by the Social Democratic Party and The Greens in response to a public campaign from [fossil free Stuttgart](#). The new criteria excludes oil and coal mining industries from their investment portfolio, as well as nuclear energy, the nuclear weapons industry and large parts of the defence.

In their preparation of the ESG criteria, Stuttgart examined and was guided by the divestment policies adopted by [city of Münster](#) and the Norwegian Government Pension Fund Global. However, Stuttgart decided to apply even stricter investment restrictions than those decided by Münster. In addition to not being an industry on the exclusion ('negative') list, companies considered for investment have to be rated A- or better, setting a high standard for the companies. These criteria reduced the investment universe (Euro Stoxx 600) by 20%.

As in some other German cities' divestment decisions, the implementation of the guidelines with respect to weapons systems leaves room for some interpretation as there is no clear legal definition of the term 'military weapons'. However, the guidelines refer for such interpretation to [Article 26 Section 2 of the German Constitution](#) which defines 'weapons of war'. This definition includes nuclear weapons and dedicated nuclear weapons delivery systems.

The new guidelines also exclude companies involved in child and forced labour, products, which denigrate a person's dignity, companies involved in genetically manipulated organisms (plants and seeds), animal testing and companies, which improperly handle cases of corruption and bribery.
