

Baden-Wuerttemberg: Divestment of reserve and pensions funds from banned weapons

In August 2017, the state parliament of Baden-Wuerttemberg [decided](#) to invest the state special fund of approx. € 6 billion according to ESG standards (environmental, social, governance). Based on these standards, a negative list is created, which identifies shares and funds that the federal state is no longer allowed to buy or hold. Existing accounts that violate these criteria will be divested, i.e. sold as loss-free as possible and invested in stocks or funds that are in line with the ESG criteria.

In the case of Baden-Wuerttemberg, the divestment of the reserve fund with a volume of € 3.88 billion [was completed in mid-2018](#) after which the divestment of the pension fund (€ 2.65 billion) has started.

The [exclusion criteria](#) include different business fields and practices of companies, as well as criteria for states. A complete exclusion of companies from investment occurs should they produce banned weapons. Under the definition of “banned” weapons fall not only biological and chemical but also nuclear weapons. Other exclusion criteria, which are limited by turnover or severity threshold, are, inter alia, the production of nuclear energy, the extraction of fossil fuels, or violations of human rights, labour standards or the [UN Global Compact](#).

The criteria also exclude investments in bonds of states that have not signed the Non-Proliferation Treaty or the Paris Climate Change Agreement. In addition, depending on the degree of severity, violations of political and democratic rights as well as corruption cases are taken into consideration.
