



Comparison: LuxFLAG Environment and
Climate Finance Label

Environmental Investing and Climate Finance

ENVIRONMENTAL/ GREEN INVESTING

- Broad range of investments made in **environment-related sectors** (e.g. FTSE Environmental Markets Classification)
- Investments mainly made in profitable companies that support/provide **environment-friendly products, services and practices**

CLIMATE FINANCE

- Climate Finance: **clear and direct link to climate change mitigation and/or adaptation** or cross-cutting activities (climate mitigation and adaptation finance classification)
- Specific terminology used in the context of the **Paris Agreement** and **internationally agreed objectives** to counter climate change



Environmental Investing and Climate Finance

ENVIRONMENTAL/ GREEN INVESTING



- Generation of **performance and asset growth** with environmental practices (foster innovation)
- Encourage, facilitate and profit from new and clean technologies that support transition from carbon dependence to more sustainable alternatives
- Decouple economic growth from environmental degradation
- Majority of **private investors**

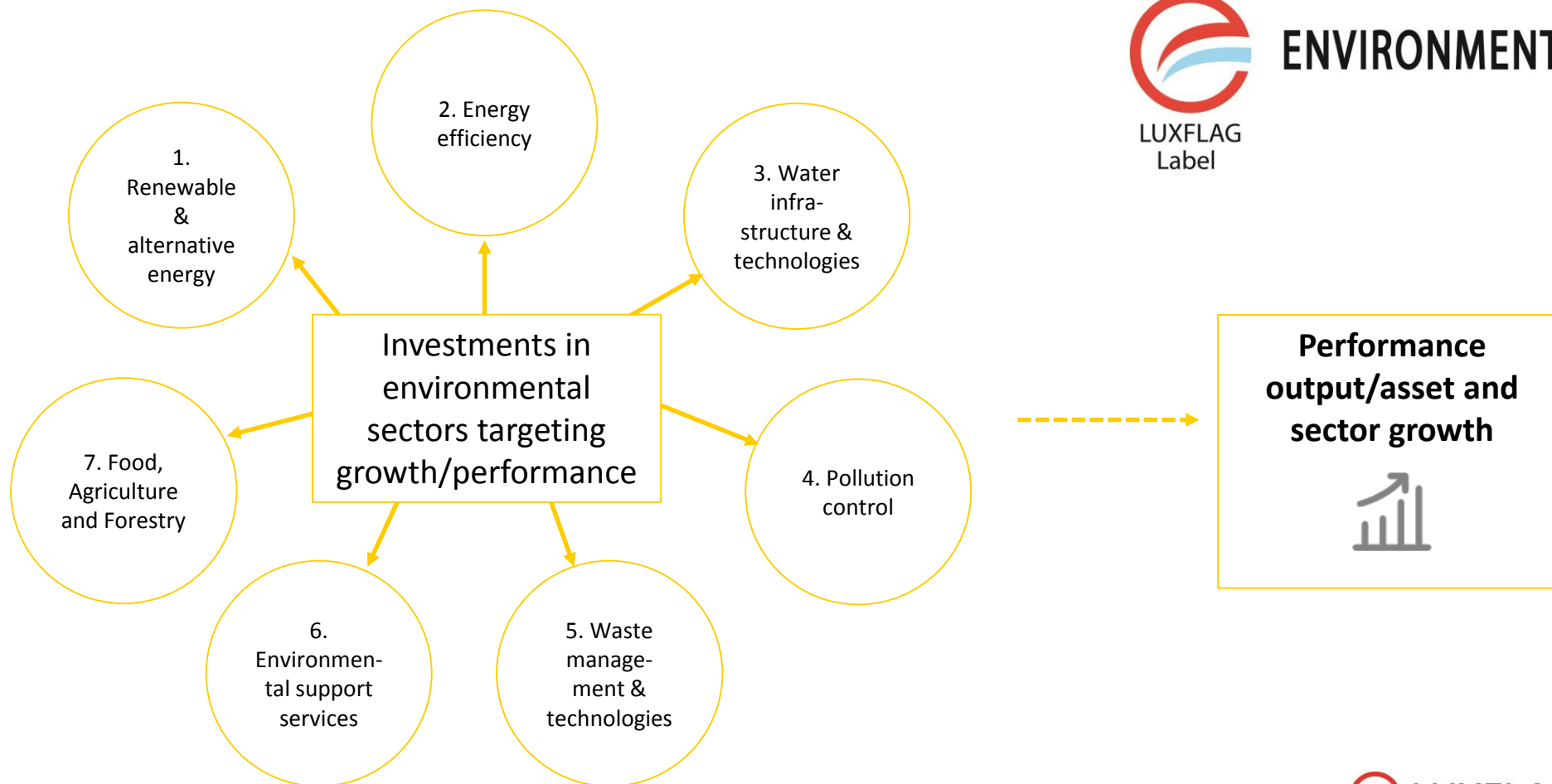
CLIMATE FINANCE



- Creation of **impact** with the purpose to counter climate change by investing in **pure-play climate solutions**
- Aim to decrease GHG emissions holding the increase in the global average temperature to well below 2 degree above pre-industrial levels
- Impact before economic growth
- **Blend public with private capital**

indicative and not limited too

Environment - A mixed strategy/sector label

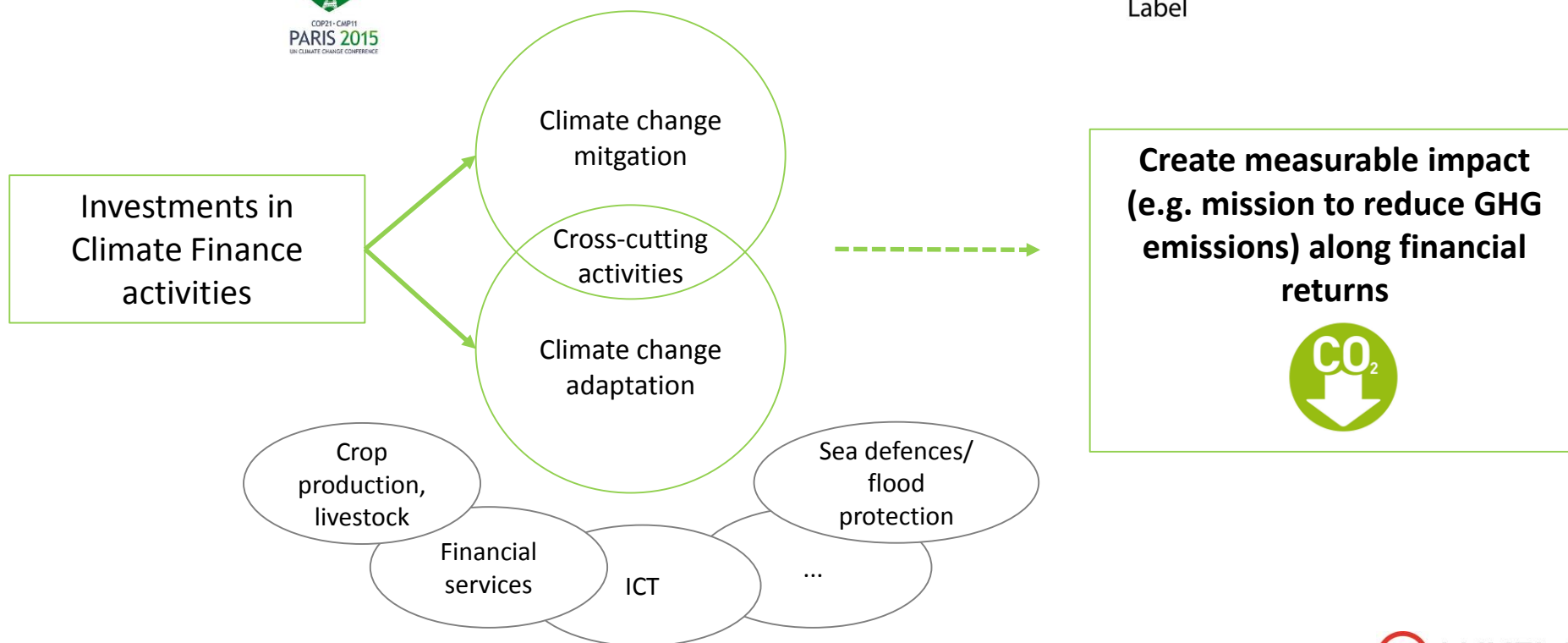


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Climate Finance – A climate impact label



Internationally agreed objectives

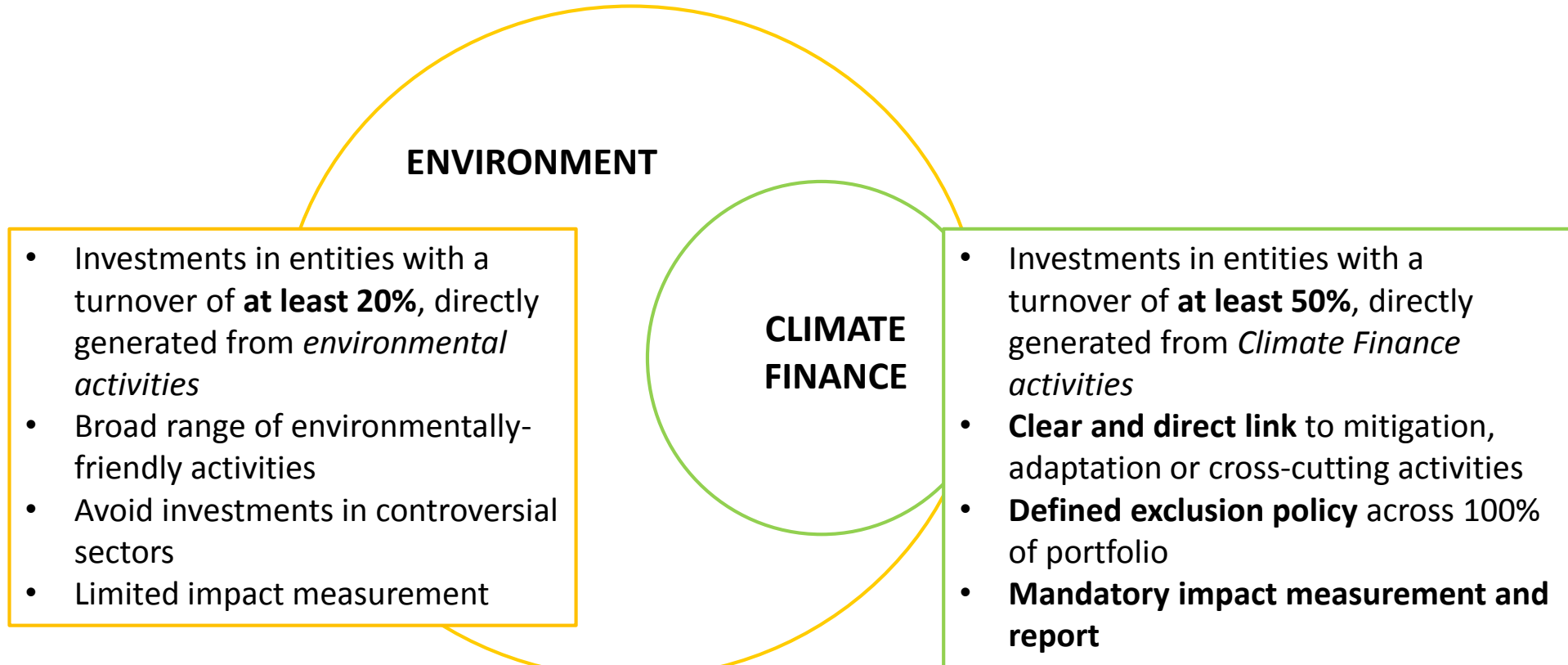


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CLIMATE FINANCE

Eligibility Criteria comparison



→ **Climate Finance Label more specialized label with stricter Eligibility Criteria**

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LuxFLAG Environment and Climate Finance Label

ENVIRONMENT – A mixed strategy/sector label

- **Generate** financial and non-financial **return** through mixed or sector-specific environment strategies, increase value of assets
- Largely investments in **listed companies** (leaders vs. opportunities)
- Often best-in-class investment strategy/themed investment approach and focus on return

→ **Labelled funds mostly invested very sector-specific** (e.g. renewable energies, water, timber)

CLIMATE FINANCE – A climate impact label

- **Contribute** in the global fight against climate change, in the context of Paris Agreement and UN Sustainable Development Goals
- Cover largely **direct investments** in infrastructure, public finance projects/investments
- Impact before return (often impact investing as investment strategy)

→ **Labelled funds focus on climate change impact generation and measurement**

LuxFLAG Labels and SDGs



ENVIRONMENT

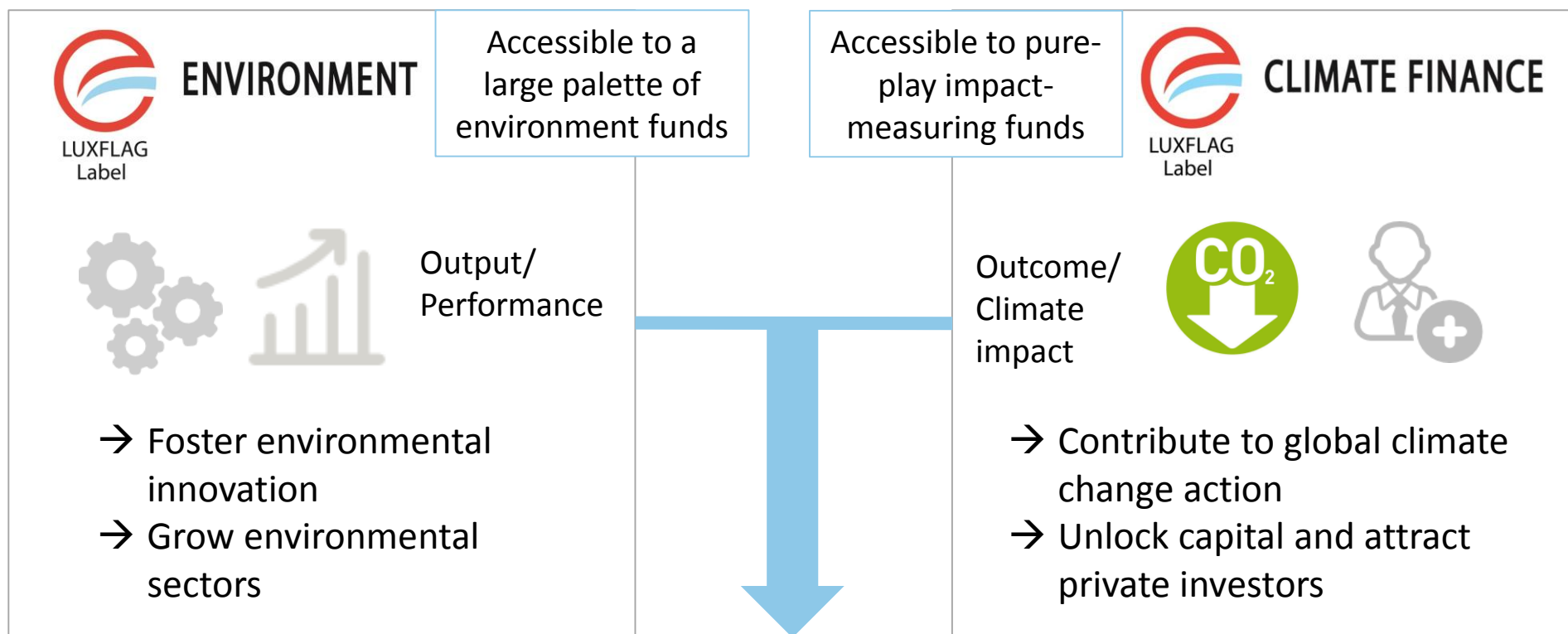


CLIMATE FINANCE



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Unique selling propositions



OBJECTIVE

- **Promote & attract** environmental performance funds as well as climate finance funds to support sustainable finance
- **Support Luxembourg** in its commitment to Paris Agreement and positioning as international center for climate finance

