

## Press release

21 May 2014

### LuxFLAG launches the first European ESG Label

The Luxembourg Fund Labelling Agency (LuxFLAG) announces the launch of the LuxFLAG **ESG Label**. The ESG Label will be granted to investment funds which meet specific criteria related to their respect of **Environment, Social and Governance** objectives. The Label is available to UCITS and AIFMD funds domiciled throughout Europe or in equivalent jurisdictions. Three asset management companies have already committed to apply for the new ESG label: **OFI Asset Management, Nordea** and **Sparinvest**.

*“Over the past ten years, the responsible investment sector has grown at a rate that has outstripped growth in most other investment strategies. The LuxFLAG ESG Label is a new tool in the broad range of initiatives that encourage fund stakeholders to act responsibly and aim for the achievement of a better and sustainable future. We in Luxembourg strongly support this goal”* commented Pierre Gramegna, Minister of Finance of the Grand Duchy of Luxembourg.

*“The new LuxFLAG Label is appropriate for investment funds which truly incorporate disciplined ESG criteria in their investment process. It will help these funds differentiate themselves from other offerings in the market place and it will help investors make informed decisions through the enhanced transparency and visibility the label provides”* said Mr Thomas Seale, Chairman of LuxFLAG.

Mr Seale continued: *“As there is no existing product based label covering ESG, the new ESG Label by Luxflag fills a gap in the European investment fund market.”*

Responsible Investing is an exciting area and is steadily gaining momentum with investors showing a growing interest in investment strategies that integrate Environmental, Social and corporate Governance criteria into the investment process. According to the KPMG RI Fund Survey 2013, the ESG category is by far the largest of all categories in the RI landscape, both in number of funds with 1,135 and in total AuM with EUR 198 billion (2012). In terms of creation of new funds, the sector demonstrated a steady increase. Approximately 100 funds were created in 2010-2011 and 62 new funds in 2012.

The financial crisis has forced the asset management industry to set up minimum standards and mechanisms to build up transparency and credibility within the financial sector. Asset managers now recognise that the integration of these standards in the investment process is a requirement from the investor community.

Until now LuxFLAG has offered two thematic labels: microfinance and environment. It has seen a two-fold increase in the number of funds it labels in the last two years as the number of responsible investing investment funds in Europe is growing.

The ESG Label is granted for a period of one year and can be renewed. The Label is granted by LuxFLAG's Board of Directors, based upon an application by the investment fund including information reviewed by an auditor, and a recommendation by LuxFLAG's Eligibility Committee of specialists. The Eligibility Committee for the new Label is composed of:

Nathalie Dogniez, Partner, PwC Luxembourg

Ulrika Hasselgren, President, Ethix SRI Advisors Sweden

Adrie Heinsbroek, Sustainability Advisor, ING, the Netherlands

Nicolas Hennebert, Partner, Deloitte Luxembourg

Hakan Lucius, Head of Division, Corporate Responsibility and Civil Society, European Investment Bank

For detailed information about the Eligibility Criteria and application procedures please visit [www.luxflag.org](http://www.luxflag.org).

#### **About Luxflag**

Luxembourg Fund Labelling Agency (LuxFLAG) is an independent international labelling agency specially focused on the Responsible Investing sector. The Agency aims to promote the raising of capital for responsible investing sectors by awarding a recognisable label to eligible investment vehicles. Its objective is to reassure investors that the labeled investment fund invests most of its assets, directly or indirectly, in a responsible manner. More details about the labeled funds and upcoming application processes for LuxFLAG Labels are available on [www.luxflag.org](http://www.luxflag.org)

#### **About OFI Asset Management**

Incorporated in 1971, OFI AM is one of the most important French asset management companies with 60 billion Euros in assets under management as of March 2014. It also ranks 4th among French SRI managers (Source: Novethic). OFI AM is backed by two large institutional groups (Macif and Matmut) that provide a solid shareholder base and is anchored in the social economy through partnerships with members of the French mutual insurance bodies. Discretionary and mutual fund management make up the heart of its activity, around which complementary services are provided. Investment management expertise covers all major asset classes, management styles and geographical areas. For over 40 years, OFI AM has been committed to innovating, delivering performance and maintaining strong ties with all its customers by fostering confidence and providing excellent service.

Website: <http://www.ofi-am.fr>

Fund applying for ESG Label: OFI MultiSelect Europe SRI

#### **About Nordea Asset Management**

Nordea Asset Management is a part of the largest financial services group in Northern Europe with a market capitalization of approximately EUR 39.7bn. Nordea Asset Management's mission is to deliver returns with responsibility. As a responsible manager, we want to invest in companies that operate in line with our commitment to PRI and deliver long-term value. As of 31 March 2014 Nordea Asset Management had AuM of EUR 152.8bn. The product offering comprise of actively managed investment products including internally managed investment funds and mandates as well as selected externally managed funds. The products are distributed directly to Nordic and international institutional investors, to 3rd party distributors and well through the distribution channels of the Nordea Group.

Website: [www.nordea.com](http://www.nordea.com)

Fund applying for ESG Label: Nordea Emerging Stars Equity Fund

#### **About Sparinvest**

Founded in Denmark in 1968, Sparinvest is based in Luxembourg from where it operates internationally as a UCITS IV- authorised Management Company with AIFM status. The parent company, Sparinvest Holdings SE, is owned by a broad range of Danish institutional shareholders who support the group's independence and prudent investment strategy. Known as a specialist in value investment – both for equity and bond funds, Sparinvest has a long-term, risk-averse approach. Consistent with this longstanding focus on fundamental risk, Sparinvest is a signatory of the United Nations Principles for Responsible Investment, and integrates environmental, social and governance (ESG) risk factors into the investment process for all its funds and strategies. As well as being authorised to distribute investment products in 14 European nations, Sparinvest has strategic business alliances with Brandes in the US and Haitong International in China. At end April 2014, Sparinvest managed €9.8 billion on behalf of private and institutional investors.

Website: [www.sparinvest.eu](http://www.sparinvest.eu)

Fund applying for ESG Label: Sparinvest SICAV - Ethical Global Value

**The criteria include** (for more detailed information see LuxFLAG website):

- The fund must be regulated
- The application must explain clearly how ESG criteria are integrated into the investment process
- The fund must have an exclusion policy
- 100% of assets must be scrutinised against the ESG criteria
- The fund must publish its entire portfolio at least once per year
- The fund must mandate an outside auditor to demonstrate compliance to the Luxflag criteria

#### **Media relations:**

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