

PRESS RELEASE

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LuxFLAG launches new Climate Finance Label

LuxFLAG, the Luxembourg Finance Labelling Agency, is pleased to announce the launch of the LuxFLAG Climate Finance Label which will be granted to eligible investment funds financing climate change mitigation and/or adaptation measures. As international and independent agency, LuxFLAG aims to provide a transparent assessment and certification to climate finance investment funds. With the grant of the quality label, investors can be confident that their investments help financing climate change action. Four asset management companies - East Capital, Finance in Motion, Luxembourg Microfinance and Development Fund and Nevastar Finance - have already committed to apply for the LuxFLAG Climate Finance Label.

In the unprecedented global fight against climate change, Luxembourg has set its targets to shoulder its responsibility towards the international community. LuxFLAG is part and parcel of the Government's and industry partners' double strategic objective

1. to make a credible contribution to the international fight against climate change and
2. to establish and position Luxembourg as an international center for climate finance.

The launch of three new projects led by the European Investment Bank, the Luxembourg Stock Exchange and LuxFLAG, will be the first promising outcomes of the Climate Finance Task Force. The Ministry of Finance, the Ministry of Sustainable Development and Infrastructure and the Ministry of Foreign and European Affairs are actively supporting the LuxFLAG initiative in its mission to support sustainable finance.

H.E. Pierre Gramegna, Minister of Finance, said: *“To fulfill our responsibility towards the international community after the Paris Agreement, a special task force has been established in Luxembourg to join efforts and translate the commitments into practice. The LuxFLAG Climate Finance Label sets the scene for a transparent financial environment and provides investors with the necessary trust in climate finance investments. The Luxembourg Financial Centre has evolved into a green financial hub and offers a state-of-the-art framework for climate finance.”*

Thomas Seale, Chairman of LuxFLAG, said: *“LuxFLAG aims to enhance the visibility and transparency of climate finance investments. According to the ALFI/KPMG Responsible Investing fund survey 2015, Luxembourg funds account for 69% of Assets under Management in climate change funds in Europe. The new LuxFLAG Label aims to unlock capital from institutional and private investors in order to contribute towards the transition to a low carbon economy. We believe that the new label will help to separate the wheat from the chaff and strengthen Luxembourg’s capacity to fulfill its goals set by the Paris Agreement.”*

One of the primary eligibility criteria of the LuxFLAG Climate Finance Label is that the applicant investment fund’s investments must be in mitigation and/or adaptation of climate change or cross-cutting activities for at least 75% of total assets. Up to 25% of total assets may be retained in the form of cash, liquid assets or other investments that have no negative impact on the environment. The label is available to regulated UCITS and AIFMD funds domiciled in any EU country or subject to an EU equivalent supervision.



Karine Hirn, Partner of East Capital, based in Hong Kong, said: *“We are very pleased to apply for the new LuxFLAG Climate Finance Label for East Capital China Environmental. Our fund’s strategy is 100% focused on Chinese companies that contribute with solutions in the country’s war against pollution, a top priority that creates outstanding opportunities for strong equity returns in the world’s largest clean tech market.”*

Christopher Knowles, Chairman of the Board of Green for Growth Fund advised by Finance in Motion, said: *“Having been a holder of the LuxFLAG Environment label since its inception in 2011, we were very pleased with the development of the LuxFLAG Climate Finance label, a more specialized label that better reflects the mission of the Green for Growth Fund to reduce the consumption of energy and the emissions of CO2. We believe that holding the LuxFLAG Climate Finance Label will help the GGF attract new private investors to its already considerable - and growing - private capital base, by providing an external verification of the Fund's success in achieving its goals.”*

Olivier Rouget, Founding Partner, Nevastar Finance, said: *“Nevastar Finance Luxembourg SA is a proud member of the Luxembourg investment management community and we believe we were the first to launch a dedicated Climate Change fund back in 2007. We are delighted to have these efforts recognized by LuxFLAG and we look forward to be the torchbearer of Climate Change investing in Luxembourg.”*

Kaspar Wansleben, Executive Director, Luxembourg Microfinance and Development Fund, said: *“We welcome very much the launch of a specific climate finance label by LuxFLAG. As an asset manager launching a climate finance fund, we clearly see the importance of establishing quality standards and ensuring transparency in a nascent sector.”*

More information on the Eligibility Criteria and application procedure, is available on LuxFLAG’s website www.luxflag.org.



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