

PRESS RELEASE

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LuxFLAG launches green bond label

The Luxembourg Finance Labelling Agency (LuxFLAG) launches a new label for green bonds which will be granted, after a rigorous assessment, to eligible instruments that finance green projects. The independent and international labelling agency thereby extends its activities to wider financial instruments, relying on its strong expertise in certifying sustainable investment funds in the field of Microfinance, Environment, ESG (Environmental, Social, Governance) and Climate Finance.

To enhance credibility and advance sustainable growth in the green bond market, investors need to be assured that proceeds of green bonds are investing according to their strategy and green bond principles. In turn, issuers need to communicate the attributes of their bonds efficiently to the investor community. Transparency, accuracy and trust are critical requirements for investments in the dynamic green bond market. By setting strict eligibility criteria, LuxFLAG sets the bar appropriately to provide the market with the necessary accountability and confidence for green investments in the debt capital markets.

“The Green Bond market is evolving rapidly and requires high transparency and evidence that proceeds are used for green projects only. In line with its other green initiatives, the Luxembourg Government endorses the creation of the LuxFLAG Green Bond Label, a transparent high-standard certification that allows investors to be sure about their investments in green products.” says **H.E. Pierre Gramegna, Luxembourg Minister of Finance**

H.E. Carole Dieschbourg, Luxembourg Minister for the Environment, adds: *“The Luxembourg Government remains strongly committed to international climate finance action and the Paris Agreement. With a contribution of EUR 120 million from 2014 to 2020, corresponding to EUR 215/inhabitant, Luxembourg is one of the biggest donors in relative terms. This amount includes an annual contribution of EUR 5 million to the Green Climate Fund which translates into EUR 10/inhabitant per annum summing up to EUR 35 million in total. LuxFLAG’s Green Bond Label plays an instrumental role in helping to set strong market standards to bolster green finance flows.”*

The LuxFLAG Label requires green bonds to report on qualitative and quantitative performance indicators in the management of proceeds and must provide not only ex-ante external review but also commit to mandatory regular ex-post reporting. Furthermore, the green bond must agree to transparency and disclosure by following internationally recognized standards such as the Green Bond Principles or Climate Bonds Initiative. The UN Sustainable Development Goals must be considered in the use of proceeds and an exclusion policy must be applied.

“The European Investment Bank was the world’s first issuer of green bonds ten years ago and has been the largest issuer of green bonds since then. The EIB recognizes the crucial contribution of transparency and accountability to ensure investor confidence in green bonds. Third party certification of green bonds is crucial to strengthen investor interest in sustainable investment products and we welcome LuxFLAG’s new engagement to strengthen analysis of green bonds in the market.” confirms **Jonathan Taylor, European Investment Bank Vice President**.

Thomas Seale, Chairman of LuxFLAG, comments: *“LuxFLAG extends its activities with the launch of the Green Bond Label relying on its strong expertise in sustainable finance. The Label specifically aims to avoid free-riding and strengthen environmental integrity in the green bond market. We aim to improve confidence and transparency by setting most stringent requirements. The LuxFLAG Label helps to distinguish self-labelled green bonds from truly green market offerings.”*



LuxFLAG will review incoming applications on a first come, first served basis. Label award decisions will be taken quarterly.

LuxFLAG is part of the Government's and industry partners' double strategic objective to make a credible contribution to the international fight against climate change and to establish and position Luxembourg as an international center for climate finance. The Green Bond Label is the fourth initiative of the Luxembourg Climate Finance Task Force after the launch of the Luxembourg-EIB Climate Finance platform, the Luxembourg Green Exchange and LuxFLAG's Climate Finance Label. 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.

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



For further information, please contact:
Julie Didier
Marketing & Communication Manager
julie.didier@luxflag.org
Tel: +352 22 30 26 57

About LuxFLAG

The LUXEMBOURG FINANCE LABELLING AGENCY (LuxFLAG) is an independent and international, non-profit association created in Luxembourg in July 2006 by seven founding partners, the Luxembourg Government, the European Investment Bank, ABBL, ALFI, ADA, Luxembourg for Finance and the Luxembourg Stock Exchange who are the Charter members. The agency aims to promote the raising of capital for the Responsible Investment sector by awarding a recognisable label to investment vehicles. LuxFLAG has issued 58 investment fund labels worth over EUR 14.58 billion assets under management.