

Guernsey Green Fund

November 2018

The Guernsey Green Fund, launched in July 2018, is the first regulated Green Fund product of its kind in the world. The Green Fund Rules prepared by the Guernsey Financial Services Commission create an internationally recognisable kitemark which assures investors that a fund's portfolio is invested in a manner that contributes to the internationally agreed objectives of mitigating environmental damage and climate change.

What is a Green Fund?

Any investment fund established and regulated in Guernsey can seek designation as a Guernsey Green Fund. To do so a fund must ensure its principal documents comply with the Guernsey Green Fund Rules and ensure its portfolio meets the '*green criteria*' set out in the Guernsey Green Fund Rules. Having done so and obtained certification, the fund will then be entitled to use the Guernsey Green Fund brand and logo:



Certification is available for existing as well as new funds.

Green Criteria

Under the Guernsey Green Fund Rules, Green Funds must invest 75% of their portfolio in investments meeting the green criteria. At present the green criteria used are the Common Principles for Climate Mitigation Finance Tracking developed by the joint finance group of multilateral development banks which permit investments in:

The Green Fund's remaining 25% of the portfolio can be invested in other asset classes, provided investments do not lessen or reduce the Green Fund's overall objective of mitigating environmental damage (with certain investments being expressly excluded as a result). The application of ESG Principles to investment analysis and decision making is voluntary.

The Green Certification Process

The Green Fund Rules allow Green Funds to be established using one of two routes, dependent on who certifies the Green Fund's underlying investments compliance with the Green Criteria.

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Route 1 funds require certification from an independent third party with adequate expertise to provide a reliable and accurate assessment of the Green Fund's ability to meet the Green investment criteria.

Route 2 allows certification by the Guernsey licensed administrator or manager for the Fund.

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| • Renewable energy | • Agriculture, forestry and land-use |
| • Lower-carbon and efficient energy generation | • Non-energy greenhouse gas reductions |
| • Energy efficiency | • Waste and wastewater |
| • Low-carbon technologies | • Transport |
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- Cross-cutting issues

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