



Luxembourg Sustainable Finance **Strategy**





Luxembourg Sustainable Finance Strategy

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Pierre Gramegna, Luxembourg Minister of Finance

Luxembourg has an established track record in sustainable finance. From pioneering inclusive finance over 15 years ago to listing the world's first green bond in 2007, Luxembourg continues to grow and evolve as an international hub connecting investors with sustainable projects.

The financial centre today is home to the Luxembourg Green Exchange, the world's leading platform for green and sustainable securities which lists more than 50% of green bonds worldwide. It also accounts for 20% of assets under management in ESG funds worldwide. Thanks to its financial centre ecosystem's expertise, Luxembourg's footprint in the global fight against climate change and efforts to achieve the Sustainable Development Goals is much larger than its geographical size.

In order to encourage investments into sustainable projects and activities, the country has also developed successful public-private partnerships, such as the finance labelling agency LuxFLAG, the International Climate Finance Accelerator and the joint Luxembourg-EIB Climate Finance Platform. In addition, in early 2020, the Government entered a strategic partnership with the University of Luxembourg in order to set up a sustainable finance research programme, including a professor, assistant professor, research scientist, 4 PhDs and a master's track dedicated to sustainable finance.

Luxembourg has always been able to anticipate market trends and innovate.

In September 2020, Luxembourg published a Sustainability Bond Framework, aligned with the latest EU taxonomy recommendations. Shortly afterwards, it issued a sustainability bond, becoming the first European and triple-A rated country to do so. Importantly, by issuing a bond to finance both environmental and social projects, Luxembourg wanted to set a signal and encourage the growth of the emerging sustainability bond market. The bond was massively over-subscribed illustrating a high and growing demand for sustainable financial products.

Indeed, the Covid-19 pandemic, acting as a catalyst for sustainable finance, confirms that Luxembourg has made the right strategic choice: sustainable finance is a key priority of the Government as well as of the financial centre's *Ambition 2025*.

Moreover, there is arguably no other country where the Minister of Finance and the Minister for the Environment, Climate and Sustainable Development cooperate as closely as in Luxembourg to advance sustainable finance. Ever since the first Coalition Government in 2013, Minister Dieschbourg and I have worked hand in hand to drive this important agenda: from leading a dedicated Climate Finance Task Force and developing a national Sustainable Finance Roadmap to the creation of the Luxembourg Sustainable Finance Initiative (LSFI) and today the launch of the Luxembourg Sustainable Finance Strategy.

The present Strategy is built on this fruitful collaboration and also on a long-standing dialogue and partnership with the Luxembourg financial sector and sustainable finance stakeholders, who have been consulted from the start.

Over the past years, Luxembourg has laid the right foundations:

By setting out clear ambitions and action points to achieve them, the Strategy builds on these foundations and paves the way for the LSFI's cooperation with the public sector, the finance industry and civil society. The objective is to further strengthen Luxembourg's role as an international hub for sustainable finance and to help drive the finance transition.

Post-Covid, it will be even more important to ensure a sustainable economic recovery, to "build back better".



Carole Dieschbourg,
Luxembourg Minister for the
Environment, Climate and
Sustainable Development

Dealing successfully with global challenges such as climate urgency, biodiversity loss, social imbalances and migration is more important than ever. The coronavirus pandemic has reajusted our priorities and challenged our values. These times are giving us an unprecedented opportunity to collectively rethink our actions and to tackle our interlinked challenges differently.

We have witnessed how our economic, civic, and political systems are connected and we must work together to achieve society's needs to build a better and more resilient world. It is with this in mind that we mark the fifth anniversary of the Paris Agreement and the Agenda 2030 for sustainable development.

According to the latest studies, the SDGs are still not on track to reach their targets by 2030. The window for action, allowing us to achieve the Agenda 2030 SDGs and the Paris Agreement temperature goals, is diminishing and the consequences of decades of inaction are becoming more evident. As the urgency continues to grow, so does our ambition and our responsibility to act.

Let us remind ourselves that we need to cut our global emissions by 7.6% every year for the next decade to meet the 1.5°C Paris target. In order to meet our obligations, we will have to speed up our efforts and build pathways to a circular and low-carbon economy.

We have no more time to lose. The Government has decided to reduce the GHG by -55% by 2030 and to be carbon-free by 2050. With the adoption of the Climate Law and the National Energy and Climate Plan, we are committed to put our words into action and to deliver not only on the national but also on the European and international levels.

The various parts of the present sustainable finance strategy reaffirm our commitment to align our portfolios with the temperature goals of the Paris Agreement and to develop more comprehensive metrics and plans for achieving that objective.

This is our responsibility to future generations.

Executive Summary

Luxembourg has long been a pioneer when it comes to Sustainable Finance. It has developed a strong expertise in the inclusive finance sector more than 15 years ago, and has been the listing location for the world's very first green bond issued by the European Investment Bank in 2007.

Since the conclusion of the Paris Agreement and the United Nations 2030 Agenda for sustainable development, climate and sustainable finance have gained monumental importance in a short period of time. Given the global shift towards sustainable finance which is further driven by an ambitious regulatory agenda in the EU, Luxembourg has a unique opportunity to act as first-mover and help develop new products and markets, as it has done on many occasions in the past (most famously with UCITS) and most recently by establishing Europe's first sovereign Sustainability Bond Framework. With the expertise and the toolbox of financial instruments available in the financial centre along with a strong political will by the Government, Luxembourg has set up many innovative initiatives over the past years to drive forward the Sustainable Finance agenda.

These efforts culminated in the Launch of a Roadmap for Sustainable Finance in 2018, which was jointly developed by the government of Luxembourg, financial centre stakeholders, civil society and the UN Environment Programme Finance Initiative. The Roadmap's goal was to go one step further and integrate Sustainable Finance into all areas of Luxembourg's financial centre. Its recommendations were taken seriously and were integrated into the Coalition Agreement of the newly elected government in 2018.

The roadmap's first recommendation, which was endorsed by an overwhelming number of stakeholders, was to create a coordinating entity for Sustainable Finance in Luxembourg, leading to the launch of the Luxembourg Sustainable Finance Initiative (LSFI) in 2020.

The LSFI's first official task has been to formulate a Luxembourg Strategy for Sustainable Finance, harnessing relevant activities already being carried out by the government and financial sector actors in line with the Roadmap's recommendations. These form the backbone of this Strategy and guide the LSFI's "Action Plan", measurable achievements divided into short-, medium- and long-term goals. The Strategy, and the LSFI Action Plan implementing it, is built around overarching pillars: Awareness & Promotion, Unlocking Potential and Measuring Progress.

The Strategy itself is divided into two parts: Luxembourg's Sustainable Finance landscape (Part 1) and the LSFI's "Action Plan" (Part 2), that summarises the implementation of the 3 pillars of the Strategy. Part 3 of this document, "Diving deeper", provides additional background on the origins of sustainable finance, its definitions and guiding principles, and the most up to date European and international context on the subject. This section is to be seen as a resource guiding the work of the LSFI and relevant stakeholders.

Part 1: Luxembourg's sustainable finance landscape: strategic focus on the core financial sector

The Luxembourg sustainable finance landscape is broad and is made up of multiple and varied stakeholders. Following the recommendations of the Roadmap, the Strategy focuses on helping the core financial sector (financial institutions, investors, supervisors and regulators, and service providers) transition towards increased sustainability. It also aims to further develop Luxembourg's role as an international hub for sustainable finance, contributing to the global fight against climate change and helping to achieve the sustainable development goals. The strategy considers all the other stakeholders as possible facilitators in this process.



Part 2: The Action Plan of the LSFI: 3 pillars

The role of the LSFI is defined around the three main pillars of the Strategy:

1. Awareness and Promotion

The LSFI intends to raise awareness on sustainable finance both among the core financial centre community as well as the general public and to consolidate Luxembourg's role as an international sustainable finance hub. It aims to become Luxembourg's central point of information on sustainable finance and support its stakeholders in their efforts to transition towards increased sustainability. This encompasses being a source of information on basic sustainable finance concepts, innovation, regulations, investment tools and themes, training opportunities and relevant events.

The LSFI will also actively promote existing and upcoming Luxembourg-based initiatives to different audiences: local and international, professional and non-professional.

2. Unlocking Potential

To help further leverage Luxembourg international financial centre's expertise, the LSFI aims to become a knowledge sharing and developing platform. It will help to unlock Luxembourg stakeholders' potential in integrating sustainability into their business practices and will contribute to the development of new and additional sustainable finance initiatives and activities. To do so, the LSFI will define different relevant workstreams for the financial sector. The format and participants of these workstreams will depend on existing work at the level of the financial industry, the cross-sectoral nature of a topic, and the resources available within the LSFI and the industry. The aim is to maximise coherence, efficiency and resource allocation across the financial centre.

Workstreams should cover themes such as education and professional trainings, standards and best practices, toolkits and regulatory monitoring.

3. Measuring Progress

The LSFI will set up a monitoring framework in collaboration with its stakeholders to help measure the Luxembourg core financial sector's progress from one year to the other. In order to assess and monitor financial flows alignment with the Paris Agreement goal, this monitoring framework will start with a sector-wide climate scenario analysis of the major players within the financial ecosystem.

The LSFI will also set up a "Data working group" with its stakeholders to define KPIs to be monitored to track the overall industry progress.

Acknowledgements

We are very grateful to everyone involved in elaborating this Strategy. In particular, the Luxembourg Sustainable Finance Strategy has been designed and developed by an Executive Committee. This was composed by:

- **André Weidenhaupt**, Director General - Ministry for the Environment, Climate and Sustainable Development.
- **Claire de Boursetty**, General Manager - Luxembourg Sustainable Finance Initiative.
- **Jennifer de Nijs**, Special Advisor for Sustainable Finance - Ministry of Finance.
- **Jimmy Skenderovic**, Advisor for Sustainable Development, Climate Finance, EU & International Affairs - Ministry for the Environment, Climate and Sustainable Development.
- **Lennart Duschinger**, Advisor for Sustainable Finance - Ministry of Finance.
- **Philipp von Restorff**, Deputy CEO - Luxembourg for Finance.
- **Raymond Schadeck**, Conseil Supérieur du Développement Durable.
- **Tom Théobald**, Director of Development & Promotion of the Financial Centre - Ministry of Finance.

Additionally, stakeholders from the Luxembourg financial industry also collaborated on elaborating this strategy throughout interviews and providing comments within the consultation process. Therefore, we would also like to thank them for providing us with very valuable insights:

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|---|---|
| <ul style="list-style-type: none"> • 4Climate • Appui au Développement Autonome • Association des Banques et des Banquiers du Luxembourg • Association des Compagnies d'assurance et de Réassurance • Association Luxembourgeoise des Fonds d'investissement • Banque Centrale de Luxembourg • Cercle de Coopération des ONGD du Luxembourg • Commissariat Aux Assurances • Commission de Surveillance du Secteur Financier • Commission Luxembourgeoise Justice et Paix • Conseil Supérieur du Développement Durable • Etika • Finance and Human Rights • Fondation de Luxembourg • Greenpeace Luxembourg • House of Training • Inclusive Finance Network | <ul style="list-style-type: none"> • Institut Luxembourgeois des Administrateurs • Investing 4 Development • Jonk Entrepreneuren Luxembourg • L'Institut National pour le Développement durable et la RSE • LuxDev • Luxembourg Financial Labelling Agency • Luxembourg for Finance, Luxembourg Institute of Science and Technology • Luxembourg Private Equity Association • Luxembourg Stock Exchange & Luxembourg Green Exchange • Microinsurance Network • Ministère de l'Energie et de l'Aménagement du Territoire • Ministère de l'Enseignement Supérieur et de la Recherche • Ministère de l'Environnement, du Climat et du Développement Durable • Ministère des Affaires Etrangères • Ministère des Finances, Social Performance Task Force • Université du Luxembourg |
|---|---|

Finally, some of the photographs used to accompany this Strategy have been taken by the students of the class 2TPTI from the Lycée des Arts et Métiers of Luxembourg. Thank you to all of them for their effort and commitment.



About the Luxembourg Sustainable Finance Initiative

In 2018, the Luxembourg Government, in collaboration with the United Nations Environment Program Finance Initiative (UNEP FI), elaborated and published the Luxembourg Sustainable Finance Roadmap.

One of the main recommendations of the Roadmap was to create a “Sustainable Finance Initiative, as a coordinating entity, in the form of a public-private entity”. In its 2018-2023 Coalition Agreement, the Luxembourg Government announced the set up of the Luxembourg Sustainable Finance Initiative (LSFI) gathering relevant stakeholders of the sustainable finance sector and co-chaired by the Ministry of Finance and the Ministry of the Environment, Climate and Sustainable Development. The LSFI was founded in January 2020 as a not-for-profit association by these two Ministries together with Luxembourg for Finance (LFF), the agency for the development of the financial centre, and the High Council for Sustainable Development (*Conseil Supérieur du Développement Durable or CSDD*), an independent advisory body to the Government with regard to sustainable development matters, representing civil society.

The LSFI’s board is composed by the following members:



Ministry of Finance

Jennifer de Nijs

Special Advisor
for Sustainable Finance



Ministry of Environment, Climate and Sustainable Development

André Weidenhaupt

Director General



Luxembourg for Finance

Philipp von Restorff

Deputy CEO



Conseil Supérieur du Développement Durable

Raymond Schadeck

The mandate of the LSFI is twofold: to create and implement a Sustainable Finance Strategy for the financial centre of Luxembourg, and to promote and further strengthen the development of sustainable finance in Luxembourg, especially in areas where a public/private coordination effort is needed.



LE GOUVERNEMENT
DU GRAND-DUCHÉ DE LUXEMBOURG
Ministère des Finances



LE GOUVERNEMENT
DU GRAND-DUCHÉ DE LUXEMBOURG
Ministère de l'Environnement, du Climat
et du Développement durable



NOHALTEGKEETSROT
Conseil Supérieur du
Développement Durable



LuxembourgforFinance
Agency for the Development of the Financial Centre

About the Luxembourg Sustainable Finance Strategy

In line with the Roadmap's first ambition: "Formalize and communicate an ambitious, tailor-made and clear sustainable finance strategy", LSFI's first task was to develop a Sustainable Finance Strategy for Luxembourg.

The Luxembourg Sustainable Finance Strategy (the "Strategy") aims to translate the objectives set out in the Luxembourg Sustainable Finance Roadmap (the "Roadmap") published in October 2018 into determined and timed actions.

The subsequent Strategy is built on three pillars, which constitute the action plan of the LSFI. Furthermore, the Strategy was developed according to the following:

1 Major objectives & scope of the Strategy

Objectives

In line with Luxembourg's international and national commitments, the Strategy aims to support the Luxembourg financial sector in transitioning to sustainable finance and further developing the financial centre's role as a leading international hub for sustainable finance.

Scope

The mandate to develop, coordinate and promote the Strategy's implementation is entrusted to the Luxembourg Sustainable Finance Initiative. This means that the LSFI should become a central point of contact for all relevant sustainable finance stakeholders and initiatives in Luxembourg, both public and private, in order to:

1. Promote these initiatives, as well as sustainable finance more broadly (Pillar 1 "Promotion and Awareness").
2. Create a knowledge and experience sharing platform to unlock the potential of the sector (Pillar 2 "Unlocking Potential").
3. Help measure and analyse the sustainability progress of the financial sector (Pillar 3 "Measuring Progress!").

In its role as a coordinating entity that works closely with the public and private sectors as well as the civil society, LSFI cannot act on behalf of the Luxembourg government, and has no mandate when it comes to regulatory or legislative initiatives. Regarding these and other initiatives at government level, the LSFI can play an advisory role and act as a platform to promote such actions, alongside Luxembourg for Finance.

② Guiding principles of the Strategy

Public/private governance

This Strategy was developed by a steering committee and the staff members of the LSFI. The Steering Committee is made up of representatives of the Ministry of Finance, the Ministry of the Environment, Climate and Sustainable Development (MECDD), Luxembourg for Finance (LFF) and the High Council on Sustainable Development (*Conseil Supérieur du Développement Durable* or CSDD).

As recommended by the Roadmap, public and private stakeholders were involved from the beginning of the Strategy development process. Prior to launching the LSFI, interviews of representatives of public institutions, the financial sector, academia and civil society were organised to gather their feedback on what the focus of the Strategy and the LSFI should be. More than 50 stakeholders received the draft Strategy for consultation (see the full list in Appendix 2).

Consistency

Aside from the Roadmap recommendations, the Strategy has to be also fully consistent with other Government initiatives and commitments. The Strategy is aligned with the Government Coalition Agreement for 2018-2023 and the objectives set out in the “Luxembourg 2030 – National Plan on Sustainable Development”, the Climate law and the “National Plan on Energy and Climate” (PNEC). At the International level, the Strategy will be part of the implementing actions to be undertaken under the United Nations 2030 Agenda and the Paris Agreement ¹. In the latter, the signatories, including Luxembourg, committed to strengthening their actions to:

- Keep “a global temperature rises this century well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius.”, and to
- Make “financial flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development”.

Coordination

The LSFI is a coordinating and facilitating entity for sustainable finance activities in Luxembourg. However, where a common agreement with concerned stakeholders is reached, the LSFI can go beyond its coordinating role and act as the co-lead or lead entity in any given initiative.

Besides the Ministry of Finance and the Ministry of the Environment, Climate and Sustainable Development, who co-chair the Luxembourg Sustainable Finance Initiative and who represent the Government in the steering committee, the LSFI will work closely with other Ministries which have a leading role on related topics. For example, with the Ministry of Foreign and

¹ Art. 2.1c

European Affairs in matters pertaining to development cooperation and inclusive finance, or with the Ministry of Education, Children and Youth and the Ministry of Higher Education and Research on topics such as integrating sustainability in school curricula or research in sustainable finance.

For each action, the LSFI will define a timeframe and, where relevant, the possible metrics to be used to assess achievements.

Review

The Strategy sets short-, mid-, and long-term objectives for each of the three pillars to be implemented by the LSFI. It is a living document which will be revised, adapted and enhanced on a yearly basis to ensure that the chosen priorities are relevant for a responsive and coherent development of sustainable finance in Luxembourg. Its areas of focus will be reviewed depending on the results achieved or any other relevant developments to optimise its efficiency.

③ Structure

The Strategy is articulated in 3 chapters:

- **Part 1 – Luxembourg’s Sustainable Finance Landscape:** an analysis of the sustainable finance landscape of Luxembourg to define the LSFI’s scope of action.
- **Part 2 – LSFI’s Action Plan:** an overview of the LSFI’s Action Plan in implementing the Strategy.
- **Part 3 – Diving deeper:** more detailed information on sustainable finance in general (definitions and regulatory developments) and on Luxembourg’s history as a sustainable finance hub.





Luxembourg Sustainable Finance **Landscape**

Priorities of the Government of Luxembourg

The Government of Luxembourg and the LSFI, as a coordinating entity, will support different stakeholders to establish Luxembourg as an international centre of excellence for sustainable finance. The main priorities of the Government with regard to sustainable finance, as outlined below, aim to develop a conducive sustainable finance ecosystem in line with its commitments to a climate-neutral world by 2050 and the United Nations 2030 Agenda, and in parallel with positive and innovative private initiatives. This Strategy should be aligned with any other governmental priorities or initiatives related to sustainable finance.

Coalition Agreement 2018 – 2023

Luxembourg's Coalition Agreement ², published in 2018, sets important targets for the country. At the centre of the Coalition Agreement is a narrative of social cohesion and the promotion of an inclusive and welcoming society that supports justice, individual freedom and mutual respect.

Luxembourg pursues developing a responsible, sustainable and innovative financial sector to meet the challenges of a dynamic economic development, which goes hand in hand with the respect of climate neutrality, environmental protection and social equity. Luxembourg continuously works on implementing an ambitious social policy to reduce the widening income gap, strengthen the fight against poverty and exclusion, and pays particular attention to the structure of wages and a fair fiscal policy.

To this end, the Coalition Agreement includes the following sustainable finance related action points:

- Setting up an entity gathering relevant stakeholders of the sustainable finance sector and co-chaired by the Ministries of Finance and of the Environment, which would be called the Luxembourg Sustainable Finance Initiative.
- Examining the possibility of setting up a prefinancing mechanism for industrial projects or small and medium companies to protect the climate.
- Analysing the possibility of creating a Climate fund that will invest in developing countries, for example, financing associations against illegal activities with a negative impact on the environment or promoting polluting industrial facilities reconversion.
- Working at a more precise definition of the sustainable investments taxonomy.
- Encouraging cooperation between Luxembourg based international institutions, University of Luxembourg, research institutes and stakeholders of the financial industry to set up a centre of excellence on sustainable finance.
- Continuing to encourage all efforts towards making Luxembourg an exemplary international centre for green and sustainable finance.
- Luxembourg must be a proactive player in the energy transition. It must attract investment for innovative start-ups and become the world leader in investment funds in energy efficiency and renewable energies to lead the energy transition in Europe.

² <https://gouvernement.lu/en/publications/accord-coalition/2018-2023.html>

“ In order to avoid another financial crisis as a result of stranded assets and risks to financial stability resulting from climate change, what is needed is not just an energy transition, but also a finance transition.

Building on its international financial centre ecosystem and its long-standing expertise in sustainable finance, Luxembourg is not only committed to make its own financial sector more sustainable but, importantly, is also ideally positioned to support this finance transition, which will require mobilising private capital to increase sustainable investment from the billions into the trillions of euros. 3 ”

LFF’s Ambitions 2025 “Financing a Sustainable Future” 4, reflecting the Luxembourg Government’s ambitions, puts sustainability at the core.

Luxembourg Sustainable Finance Roadmap 5

In 2018, in collaboration with the United Nations Environment Program Finance Initiative of (UNEP FI), **Luxembourg developed a Sustainable Finance Roadmap**. This document lists the ambitions and gives recommendations on how Luxembourg can seize the opportunity to mainstream sustainable finance within its financial industry. The governmental coalition agreement for 2018-2023 took up several of the Roadmap’s recommendations, including the creation of a Luxembourg Sustainable Finance Initiative.

The 9 ambitions of the Luxembourg Sustainable Finance Roadmap

- 1 Formalize and communicate an ambitious, tailor-made and clear sustainable finance strategy
- 2 Set up a coordinating entity
- 3 Leverage financial sector expertise
- 4 Raise awareness and integrate sustainability into education and professional training
- 5 Promote innovation
- 6 Develop expertise and best practice
- 7 Analyse and redesign the system of incentives and taxation
- 8 Lead by example and ensure proof of concept
- 9 Measure progress

(See Appendix 1 for more details)

3 https://www.luxembourgforfinance.com/wp-content/uploads/2020/09/LFF_AMBITIONS_2025_HD.pdf

4 https://www.luxembourgforfinance.com/wp-content/uploads/2020/01/LFF_AMBITIONS_2025_WEB-VF.pdf

5 <https://gouvernement.lu/dam-assets/documents/actualites/2018/10-octobre/04-sustainable-finance/Luxembourg-Sustainable-Finance-Roadmap-WEB.pdf>

A collaborative approach with a wide range of stakeholders was used to develop the Roadmap: workshops and interviews were conducted to understand expectations and gather ideas for the development of Luxembourg as a sustainable finance centre. As such, the Roadmap was a great awareness-raising tool amongst the financial industry.

Based on its recommendations, the Luxembourg Government has already launched several initiatives, including:

- Raising awareness (Recommendation 4.1): since 2018, Luxembourg for Finance has been organising the “Sustainable Finance Forum”, a high-level sustainable finance conference bringing together European sustainable finance community (policymakers, practitioners, public stakeholders and corporate and retail investors). The Ministries have developed partnerships with international organisations and leveraged these to attract conferences and events to Luxembourg which focus on sustainable finance, such as the Global Landscape Forum Investment Case, the UNEP FI Regional Roundtable, and the Asian Infrastructure Investment Bank (AIIB) Annual Meeting.
- Development of expertise (Recommendation 6.2): a partnership agreement between the Luxembourg Government and the University of Luxembourg was signed in 2018. It led to the launch of the sustainable finance track of the master’s programme in Finance and the set up of a research programme in sustainable finance. ⁶
- Incentives (Recommendation 7): the Luxembourg Government has adopted a reduced subscription tax for sustainable funds (from 0,05% to 0,01%) in the 2021 budget law. This tax incentive is an important step to encourage the development of sustainable strategies for funds.
- Leveraging public funding to ensure proof of concept (Recommendation 8.4): in 2020, the Government adopted a framework for sustainability bonds and issued the first Triple A sovereign sustainability bond complying with this framework. This is a good example of how public funding can ensure the proof of concept of new sustainable finance tools.

The creation of the Luxembourg Sustainable Finance Initiative (LSFI) and the launch of this Strategy are also important outcomes of the Roadmap (Recommendations 1.1 and 2.1). The LSFI will support, coordinate and communicate on the implementation of the ambitions and recommendations of the Roadmap in the future.

The above list does not name the initiatives that were already put in place before the Roadmap launch, but nevertheless fall within the remit of its recommendations and can be found in the chapter detailing the different stakeholders of the strategy.

⁶ https://www.wfr.uni.lu/fdef/fdef_hub_for_sustainable_governance_and_markets



National Plan for Sustainable Development – Luxembourg 2030 (or PNDD)⁷

In December 2019, Luxembourg launched its “Luxembourg 2030: 3rd National Plan for Sustainable Development” (the “Plan”) as a tool to implement the 17 Sustainable Development Goals (SDGs) of the United Nations Agenda 2030.

The Plan reminds that *“the 169 targets and 17 Sustainable Development Goals are integrated and inseparable. They should be understood as interdependent actions and bridges between the different targets.”*

The Plan lists ten priority fields of action with the 10th one being “Guarantee sustainable finances”. Sustainable finance is indeed considered critical to its implementation and to achieving the United Nations’ SDGs. As a financial centre, Luxembourg needs and intends to keep a leading role in the global transition towards more sustainability.

Within this area of focus, it is worth noting that the Plan highlights that *“tax measures are envisaged to encourage the development of sustainable and socially responsible investment funds”*⁸. This hereby echoes the 7th ambition of the Roadmap: “Analyse and redesign the system of incentives and taxation”.

Luxembourg Climate law

In December 2020, the Climate law⁹ was adopted, based on the principles of climate justice and social equity. Through the Climate law, Luxembourg acknowledges that a more significant effort is required to mitigate climate change in line with European ambitions. Therefore, the law includes a target of reducing greenhouse gas emissions by 55% by 2030 and reaching net-zero emissions by 2050 at the latest.

The Climate law includes compulsory sectoral climate change objectives and it also sets out the framework for the implementation of the “National Integrated Plan on Energy and Climate - PNEC”¹⁰ for 2021-2030 (see the next paragraph for more details).

Finally, the law includes the creation of:

- A “Platform for climate action and energy transition” which will be a discussion forum on climate that will participate in the drafting of the National Integrated Plan on Energy and Climate.
- A “Climate policy observatory”, made up of scientific experts, in charge of evaluating the impact of climate policies in Luxembourg and of commissioning studies where necessary.

⁷ <https://environnement.public.lu/content/dam/environnement/documents/developpement-durable/PNDD.pdf>

⁸ Page 72 of the PNDD: *“des mesures fiscales sont envisagées pour encourager le développement des fonds d’investissement durables et socialement responsable”*

⁹ Law of 15 December 2020: <https://www.chd.lu/wps/portal/public/Accueil/TravailALaChambre/Recherche/RoleDesAffaires?action=doDocpaDetails&id=7508>

¹⁰ National Integrated Plan on Energy and Climate: <https://environnement.public.lu/dam-assets/actualites/2020/02/Projet-du-PNEC-traduction-de-courtoisie-.pdf>

- An Energy and Climate fund (*Fonds climat et énergie*) which will fund climate-related projects in Luxembourg and developing countries.
- A GHG emission trading programme for aircrafts and fixed infrastructures.

Luxembourg and International Climate Finance (ICF)

In the context of the international climate finance cooperation under the UNFCC ¹¹ and the Paris Agreement, Luxembourg committed to support developing countries for the financing and the technical implementation of climate mitigation and adaptation projects.

To apply for and benefit from this financial and technical support, Luxembourg set out specific eligibility and selection criteria in its strategy for “Fund allocation for the international financing of the fight against climate change” ¹². This document includes a description of eligible activities as well as an exclusion list.

These criteria are aligned with the political intention of the Luxembourg government and explicitly exclude nuclear activities. They also have been used as a basis for the Climate finance label of LuxFLAG as well as for the eligibility criteria for the Luxembourg EIB Climate finance platform.

The new strategy for ICF will be adopted in early 2021.

National Integrated Plan on Energy and Climate (*Plan National Intégré en matière d’Energie et de Climat* or PNEC) ¹³

Adopted in May 2020, the PNEC is a roadmap illustrating the necessary measures and policies to achieve the national climate and energy objectives. It also aims to support individuals and businesses in their efforts to implement the ecological and energy transition. It introduces CO2 pricing, which will be continuously adjusted in line with the Paris Agreement’s objectives.

Commitments taken by the Luxembourg Government in the PNEC include:

- Support the creation of a favourable framework to further increase the market share of sustainable financial products to consolidate the leading role of the Luxembourg financial centre in sustainable finance.
- Make Luxembourg an ideal place for “green technologies” and “climate solutions” thanks to the combination of a coherent energy and climate policy with the transformation of Luxembourg financial centre towards “green finance” in collaboration with universities and research organisations.
- Become a “start-up nation” in the field of climate protection, based on Luxembourg’s leading role in the development of low carbon technologies (zero-emission buildings, electromobility, photovoltaics), the deployment of energy research and innovation, and its expertise in “green finance”.

¹¹ <https://unfccc.int/>

¹² “Attribution des fonds pour le financement international de la lutte contre le changement climatique” https://environnement.public.lu/dam-assets/fr/actualites/2017/05/22_financement_climatique/fci_strategie.pdf

¹³ <https://environnement.public.lu/dam-assets/actualites/2020/05/Plan-national-integre-en-matiere-d-energie-et-de-climat-du-Luxembourg-2021-2030-version-definitive-traduction-de-courtoisie.pdf>

Luxembourg as a Sustainable Financial Centre: **key facts**



- The financial centre acts as a **leading international platform for sustainable finance**, supporting a range of activities from responsible investment funds and blended finance to green bond listings and ESG fund labelling.
- Luxembourg has been actively engaged in the microfinance and financial inclusion since the early 1990s with the establishment of the first Luxembourg microfinance regulatory framework to support investment vehicles (MIVs) and microfinance institutions (MFI).
- Today, Luxembourg is the **global leader in inclusive finance** and has a 61% market share of global assets under management in MIVs.





21%

Global ESG
AuM by domicile

(Source: PWC, 2022 the growth opportunity of the century)



35%

leading European market share of **responsible investment funds**

(Source: KPMG)

1st



The Luxembourg Green Exchange has the largest market share of listed green bonds worldwide



57%

of AuM in **European environment strategy funds**

(Source: KPMG, European Responsible Investing Fund Market 2019)

76%



Luxembourg's market share in global AuM in **Microfinance Investment Vehicles**

(Source: KPMG)

LEADER IN RESPONSIBLE AND IMPACT FUNDS

Luxembourg has a solid track record in socially responsible and impact investments, providing a perfect environment for climate finance funds. Thanks to a tried and tested toolbox of investment vehicles, widely considered the most adaptable in the European marketplace, Luxembourg layered funds have proven particularly effective in projects requiring blended financing from both public and private investors.

FUND LABELLING: LUXFLAG

Fund promoters can also use the LuxFLAG investment labelling system to reassure investors that a product invests in the given sector in a sustainable and transparent manner.

LuxFLAG, the government's dedicated fund labeling agency, confers the labels or specific investment fund strategies such as microfinance, ESG, environment and climate finance.

THE LUXEMBOURG GREEN EXCHANGE: THE WORLD'S FIRST AND ONLY GREEN EXCHANGE

The Luxembourg Green Exchange is the world's first platform dedicated entirely to sustainable securities. Its overriding objective is to unlock sustainable capital and to help redirect capital flows towards sustainable investment projects. LGX promotes the sustainable finance agenda. It provides visibility to issuers who raise funding for green and sustainable investment projects, thereby supporting sustainable development and the green transition. Issuers wishing to display their financial security on LGX first need to comply with the platform's stringent eligibility criteria and then commit to ongoing reporting on their investments.

PHILANTHROPY: PUTTING WEALTH TO WORK

Wealth can be an incredible leverage to help others. Luxembourg provides solutions to maximise the impact of giving.

The Fondation de Luxembourg is the country's specialist philanthropy service provider.

The Fondation de Luxembourg is an important asset for the Luxembourg private banking community. By means of an umbrella foundation structure, the Fondation de Luxembourg assists international donors in managing their philanthropic endeavors through personalised and dedicated foundations. The organisation now covers 80 foundations that engage in projects around the world.

Mapping the sustainable finance stakeholders in Luxembourg

This section maps the various sustainable finance stakeholders in Luxembourg based on their “core functions” within the financial ecosystem. This mapping serves as an important basis for the Strategy. It helps understand Luxembourg’s overall sustainable finance landscape and define the scope of the LSF’s Action Plan with regards to this landscape. While relying on cooperation with the entire spectrum of stakeholders, the Strategy and the LSF’s activities will primarily focus on the core financial sector.

FOCUS OF THE STRATEGY: THE “CORE” FINANCIAL ECOSYSTEM

OVERVIEW

Sustainable finance in Luxembourg is impacting all stakeholders of the financial centre: financial institutions (**banks, insurance companies, asset managers and other financial services**), their representing **associations**, their **regulators** and **supervisory authorities**, their **clients**, as well as their **service providers**.

The Sustainable Finance Roadmap, and therefore this Strategy, is focussed on these stakeholders, considered the core financial centre of Luxembourg, and is designed with a view to help mainstream sustainable finance within the broader financial sector.



Luxembourg's financial centre is characterised by its fund, banking and insurance industries as well as its capital markets infrastructure, which can be presented as follows:

- **Fund industry:** Luxembourg is the second largest fund centre in the world. It is considered as a leading hub for global fund distribution and international asset servicing, and a leading alternative investment centre, notably in private equity and real estate. It is also the most popular domicile for Undertakings for Collective Investment in Transferable Securities (UCITS) in the world.
- **Banking industry:** Luxembourg's banks are active in both retail and commercial banking. They are mainly specialised in private banking and wealth management, corporate finance and depositary banking.
- **Insurance industry:** besides an established captive and reinsurance industry and a growing non-life sector, the Luxembourg life-insurance industry is focussed on dedicated internal funds which are used as wealth planning tools in a great variety of European markets.
- **Capital markets:** Luxembourg is home to leading global institutions such as Clearstream and the Luxembourg Stock Exchange. It has a well-established capital markets infrastructure, covering the entire value chain from securities issuance and listing to post-trade services. Moreover, it is a key European jurisdiction for securitisation.

Over the past decade, Luxembourg public and private sectors have shown their resourcefulness and closely cooperated in developing bold new sustainable finance tools, which have successfully put Luxembourg's financial centre on the international map. Thus, one of the Strategy's objectives is to ensure that these initiatives are known to the largest possible audience. The Strategy also aims to work with the different financial industry stakeholders and support them in launching similar initiatives in order to widely and deeply embed sustainability into their business models.

LUXEMBOURG LANDMARK INITIATIVES

Initiatives promoting sustainable finance have been developed in Luxembourg by both public and private actors within the core financial system.

Public-private initiatives

To help promote sustainable finance, the Luxembourg Government set up specific initiatives alongside partners from the private sector:

- The **Luxembourg Finance Labelling Agency (LuxFLAG)** was founded as an association in July 2006 by the Government of Luxembourg and 6 other founding partners¹⁴. LuxFLAG aims to promote the raising of capital for sustainable development by awarding recognisable label to eligible investment vehicles.

¹⁴ ABBL, ADA, ALFI, EIB, LFF, Luxembourg Stock Exchange

- The **International Climate Finance Accelerator (ICFA)** is a public-private partnership set up in 2018 by ten private entities of the Luxembourg financial sector with the Luxembourg Ministry of Finance and the Ministry of the Environment, Climate and Sustainable Development. The European Investment Bank also supports it. It offers a technical and financial supporting programme for starting-up fund managers which have a strong focus on innovative climate finance strategies with high environmental and social impacts.
- **Investing for Development (Iford)**, an investment company (umbrella fund structure) focussing on development investments worldwide. It currently has two underlying sub-funds, the Luxembourg Microfinance and Development Fund and the Forestry and Climate Change Fund ¹⁵, supported by the Luxembourg Government.
 - The **Forestry and Climate Change Fund (FCCF)** is a pioneering impact fund aiming to show that sustainable forestry within secondary & degraded tropical forests generates economic, ecological and social value and contributes to healthy landscapes, climate change mitigation & adaptation and local economic development. The Fund enables access to responsible financing sources for local actors and supports the development of viable enterprises. It also constitutes an investment opportunity into innovative climate finance for different types of investors.
- The **Luxembourg-European Investment Bank (EIB) Climate finance platform** aims to mobilise private investments for investment funds with a strong impact in the fight against climate change by providing a first loss guarantee of 70 million euros until 2025. Investments are geared towards higher risk projects in developing countries by using blended finance structures to attract private capital.

Private initiatives

- In 2016, the Luxembourg Stock Exchange launched **the Luxembourg Green Exchange (LGX)**: the first global platform dedicated to green, socially responsible and sustainable securities. Currently, the Luxembourg Green Exchange has the largest market share of listed green bonds worldwide: more than half of the world's green bonds are listed in the LGX. Further, the LGX is continuing to lead the way in sustainable finance by launching in 2020 the **LGX Academy** ¹⁶, entering into a partnership with Luxembourg's House of Training in the field of executive sustainable finance education, and the **LGX Data Hub** ¹⁷. With these two initiatives, LGX contributes to addressing the two main issues for sustainable finance: reliable sustainability data and sustainable finance education.
- The Luxembourg financial sector's industry associations (such as ALFI, ABBL, ACA or LPEA ¹⁸), have also been working for the past few years to create awareness on sustainable finance amongst their members and the broader finance community. These associations have all set up specific workstreams and dedicated events. Spurred by a fast-moving European agenda, sustainable finance and the integration of sustainability have become one of their main areas of focus.

¹⁵ <https://www.forestryandclimate.com/>

¹⁶ <https://www.bourse.lu/lgx-academy>

¹⁷ https://lgxhub.bourse.lu/?utm_source=bourse-website&utm_medium=landing-page&utm_campaign=lgx-data-hub-page

¹⁸ See Stakeholders list in Appendix 2

BEYOND THE CORE FINANCIAL INDUSTRY: PROMOTING ALL STAKEHOLDERS AND FINDING SYNERGIES

Beyond its primary focus of working with the different industry sectors of Luxembourg's financial centre, the LSFI aims to leverage and promote sustainable finance initiatives by various public and private sector stakeholders and find synergies to potentially develop new initiatives. The objective is twofold: to support the financial industry in the transition to sustainable finance and to position Luxembourg as a leading international hub for sustainable finance.

Public finance and investments

- The **Sustainability Bond Framework**, which Luxembourg published on 2 September 2020, sets out a clear commitment by the government to apply the highest standards of transparency and accountability for the public financing of environmental and social projects. The framework not only aligns with ICMA principles ¹⁹, but already integrates the latest recommendations of the EU taxonomy as well as of the EU Green Bond Standard. Moreover, by issuing Europe's first Triple A sovereign sustainability bond, Luxembourg has set a strong signal and contributed to the development of this emerging asset class.

In the more specific area of international development cooperation, the **Luxembourg Directorate for Development Cooperation and Humanitarian Affairs** ²⁰ seeks to leverage the comparative advantage of Luxembourg's financial sector in areas such as innovative and sustainable finance (including FinTech and Data). With this purpose, it supports bilateral and multilateral interventions to promote and strengthen sustainable financial systems in various partner developing countries. The partner of choice to implement this work is **LuxDev**, the development cooperation agency of Luxembourg. With its 40 years of expertise in implementing projects on the ground, LuxDev acts as a trusted adviser to the Luxembourg Government. LuxDev contributes to Luxembourg sustainable finance agenda by mainstreaming "made in Luxembourg" sustainable finance solutions to partner countries as well as by offering technical assistance and helping build local capacity.



¹⁹ <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

²⁰ <https://cooperation.gouvernement.lu/fr/service.html>

Fonds de Compensation (FDC), Luxembourg Intergenerational Sovereign Fund (FSIL) & socially responsible investment

Fonds de compensation

The *Fonds de compensation commun au régime général de pension (FDC)* was created to let the reserve of the Luxembourg general pension insurance scheme benefit from financial markets movements. It is achieved by investing this reserve on the financial markets through a diversified portfolio subject to strict risk and return criteria in order to guarantee the long-term viability of the general pension insurance scheme. To this end, the FDC was created by the amended law of 6 May 2004 concerning the administration of the assets of the general pension insurance scheme and was entrusted with the management of this reserve, particularly through the intermediary of one or more collective investment schemes.

FDC invests long-term and globally and, therefore, favours a healthy and sustainable economy. As an institutional asset manager, FDC is aware of its ecological, social and good governance responsibilities. Such considerations are being taken into account in FDC's investment strategy and in its investment decisions. FDC's Board of Directors is responsible for establishing the investment strategy and revising the latter based on a 5-year period.

At the end of 2020, the FDC published a Sustainable Investor Report ²¹.

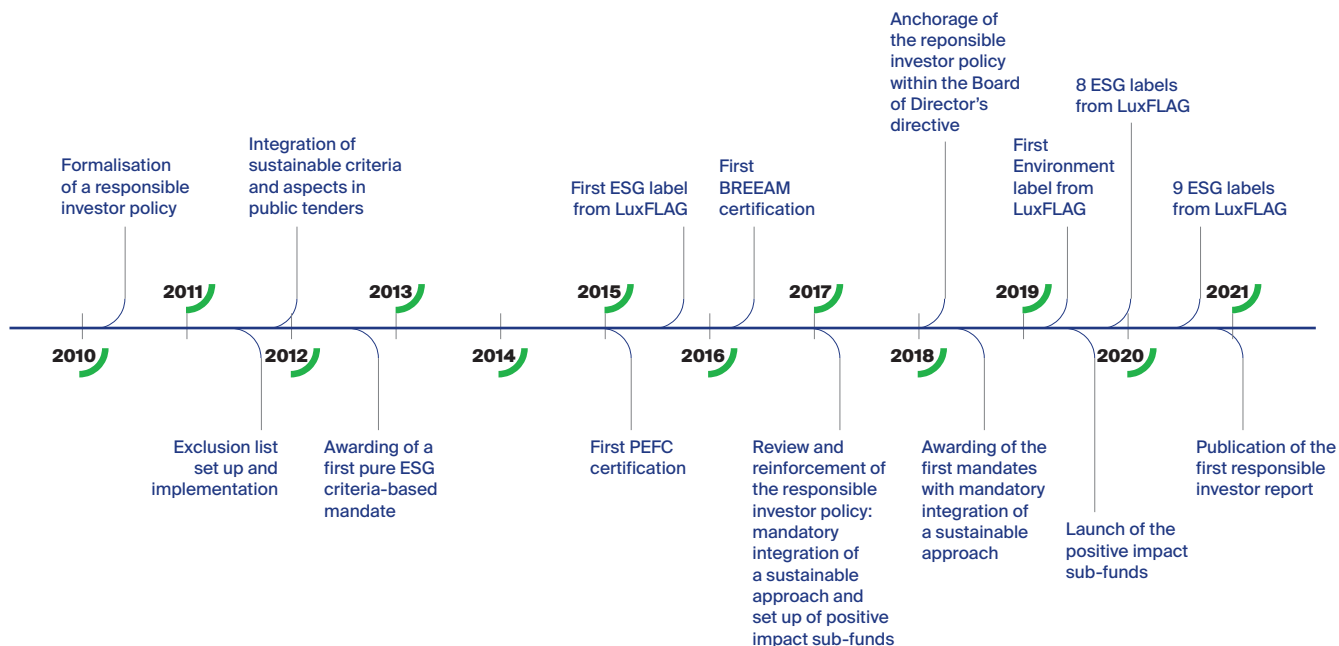


²¹ <https://www.fdc.lu/socially-responsible-investment/?L=1>

The FDC has thus to date:

- implemented an exclusion list of companies that do not comply with international standards as enshrined in the ten principles of the United Nations Global Compact covering human rights, the environment, international labour standards and the fight against corruption,
- mandated fund managers that promote and integrate sustainability as an organization. Among others, they are all signatories of the UN PRIs and pursue an active engagement policy,
- selected fund managers for its actively managed sub-funds who must integrate sustainability in their investment strategies, allowing for example to cover the SDGs,
- obtained a LuxFlag label for ten sub-funds representing 72% of the FDC's actively managed transferable securities,
- started a dedicated green bond sub-fund of 110 million euros (December 2020),
- started a dedicated sub-fund that invests only in equities of listed companies that intend to generate, next to a financial return, also a social or environmental impact of 345 million euros (December 2020),
- substantially invested in the Luxembourg Société nationale des habitations à bon marché (SNHBM) in order to support access to affordable housing,
- invested in 691 hectares of forest, which are subject to the Programme for the Endorsement of Forest Certification (PEFC) certification,
- subjected its investments in new buildings and building renovations to high environmental and energy standards, major buildings being for example subject to the Building Research Establishment Environmental Assessment Methodology (BREEAM) certification,
- undertaken a detailed climate risk and climate scenario assessment. In this context, the aggregated equity and corporate bond portfolio currently shows a transition path at least compatible with a warming between 2 and 3°C for the period 2012 to 2025.

FDC's timeline



Luxembourg Intergenerational Sovereign Fund

The Luxembourg Intergenerational Sovereign Fund (*Fonds souverain intergénérationnel du Luxembourg or FSIL*) was created in 2015 in order to create savings whose revenues would, under certain conditions and within certain limitations, contribute to the well-being of future generations. Given its low amount of assets, in particular, in the early years since its inception, the FSIL has adopted a streamlined strategy to invest in a diversified portfolio of assets, mainly through Exchange Traded Funds (ETFs), with a wide geographical and sectoral spread. In light of its growing assets and the increasing maturity of ETFs replicating SRI-compliant indices, the FSIL began investing in such ETFs in 2018. In 2020, the entire equity exposure has been transferred to SRI-compliant ETFs and work is ongoing in order to further incorporate the principles of sustainable finance in the FSIL's investment strategy within the constraints it operates in.

Collaboration between the various stakeholders

Together with the relevant Ministries (Ministry of Finance, Ministry of the Environment, Climate and Sustainable Development and Ministry of Social Security) the LSFI intends to work with the FDC and the FSIL. This cooperation will aim to identify potential synergies and, where possible and/or opportune, align the responsible investor policies of both funds in order to meet the overall objectives of the Luxembourg Sustainable Finance Strategy. Indeed, leading by example through its investments, the public sector can play an important role in encouraging sustainable investments also within the private sector.

Inclusive Finance

Luxembourg is home to a long-standing inclusive finance ecosystem. Inclusive finance is a very specific area of sustainable finance. It aims to ensure universal access to responsible and low-cost financial services, emphasising the promotion of financial literacy. The rationale behind inclusive finance is that affordable access to financial services helps improve economic and social development to build economic resilience and empowerment. It mainly targets developing countries' retail market but can also be offered to vulnerable local populations in developed countries. Important stakeholders of the inclusive finance sector are DFIs (Development Financial Institutions), NGOs and associations that aim to promote these types of initiatives as well as private and public investors.

Microfinance institutions (MFIs) are key players of the inclusive finance ecosystem. MFIs are mainly known for offering microcredits. These microcredits are small amounts of credit provided to low-income individuals or groups of individuals and are not offered by usual credit institutions. MFIs have been successful because they created a new area of profitable financial activities and they helped certain populations gain economic power.



LUXEMBOURG LANDMARK INITIATIVES

To technically and financially support these MFIs, ADA ²², a non-governmental organization, was created in 1994. Its interventions across the world are co-financed by the Luxembourg Directorate for Development Cooperation and Humanitarian Affairs and Luxembourg's inclusive finance players.

- In 2006, the **European Microfinance Platform (e-MFP)** was created in Luxembourg gathering European organisations and individuals active in inclusive finance in emerging and developing countries.
- In 2014, the Luxembourg Government launched the **Inclusive Finance Network**, a platform bringing together Luxembourg public, private and civil society stakeholders to further stimulate financial inclusion as a key tool for poverty alleviation and empowerment of low-income groups. InFiNe promotes universal access to quality, low-cost and responsible financial services and products. Its mission is to advocate for an inclusive and responsible finance in order to advance social and economic inclusion.

Other important actors, most of them located at the House of Microfinance, are:

- **The Social Performance Task Force (SPTF)**, a global non-profit membership organization with more than 3,000 members from all over the world that works to advance social performance management to make financial services safer and more beneficial for clients. Since 2019, the European office of SPTF has been established in Luxembourg, as the leading centre for responsible finance.
- **The global Microinsurance Network (MiN)**, a global multi-stakeholder platform that promotes the development and delivery of effective risk management tools, including insurance services, for underserved people.
- **European Office of the Alliance for Financial Inclusion (AFI)** was established in Luxembourg in 2020 AFI is a group of central banks and other financial regulatory institutions from more than 90 developing countries which aims to empower policymakers to increase access and usage of quality financial services for the underserved.
- **ETIKA** is a not-for-profit association founded in 1996 to promote alternative finance and think about the development of ethical money.

The private sector based in Luxembourg is also active in inclusive finance. Impact investors and asset managers specialised in microfinance have offices in Luxembourg as well as private servicing companies developing expertise in microfinance.

In addition, the EIB and EIF, which are the main public investors in microfinance, have their headquarters in Luxembourg: many microfinance projects are being launched thanks to the collaboration between the EIB and the Luxembourg Government.

²² "Appui au Développement Autonome" - support for Independent development.

Philanthropy

The **Fondation de Luxembourg** was created in December 2008 by the Luxembourg State and the *Oeuvre Nationale de Secours Grande-Duchesse Charlotte*. Its mission is to promote private philanthropic commitment, which can be seen as a specific type of sustainable finance focussed on social or environmental impactful projects, with no financial return expectation.

The *Fondation de Luxembourg* acts as an expert and adviser in every field in which donors express an interest and as a gateway to associations, NGOs and specialised organisations working on specific issues of general interest. It provides personalised advice and follow-up for the philanthropic projects supported by its sheltered foundations.

The *Fondation de Luxembourg* promotes sustainable investment strategies for the endowment of the foundations it shelters, which align with and can further strengthen the philanthropic activities that are already being pursued.

Also active in the field of philanthropy in Luxembourg are private investors or NGOs, which aim to make donations to support sustainable related-projects or initiatives.



Financial innovation and research / Education / Technological Innovation

In the fields of research, education and technological innovation all stakeholders of the sustainable finance ecosystem might have a role to play depending on their strategy, resources and areas of focus (e.g., an insurance company can have a strong R&D department, or a fund manager can have innovative training programmes). However, the below relates to Luxembourg initiatives that focus exclusively on one or several of these activities.

LUXEMBOURG LANDMARK INITIATIVES

- In 2014, the University of Luxembourg and ADA, financed by the Luxembourg Government, entered into a Memorandum of Understanding (extended in 2019) to establish the **ADA Chair in Financial Law** to pursue research into law and regulation with a focus on financial inclusion, microfinance and emerging and developing economies. Linked to the ADA Chair, a **Hub for Sustainable Governance and Markets (HSGM)** was created as a virtual platform that combines the joint sustainability expertise of three departments (Law, Economics and Finance), with 200 researchers and 18 nations active in the Faculty of Law, Economics and Finance. The HSGM bundles sustainability research with a particular focus on sustainable governance and markets.
- In 2018, the Luxembourg Government (Ministry of Finance and Ministry of Environment) and the University of Luxembourg signed a letter of intent to promote research and education in the field of sustainable finance, formalised through a partnership agreement in 2020.
- In September 2020, in the context of this partnership, the University of Luxembourg launched a new **Master Track on sustainable finance** within the Master of Science in Finance and Economics. Finance and Economics Masters students in their second year of study are now able to choose Sustainable Finance as their specialisation. The programme aims to give students the skills they need to face a rapidly evolving economic context where climate change is creating risk and uncertainty at all levels of the corporate structure. A Chair also supports this new track in Sustainable Finance to establish research competences in sustainable finance.

Other training and research institutions active in sustainable finance

- **The House of Training** was created in 2015 by the Luxembourg Chamber of Commerce and the Luxembourg Bankers' Association (ABBL) to offer courses to Luxembourg professionals by Luxembourg professionals adapted to the needs of the market. In this context, an introductory sustainable finance training was launched in 2019 by the ABBL. These certifications in sustainable finance include both fundamentals and advanced courses.
- It is also worth noting that the **Agency for the Transfer of Financial Technology (ATTF)**, an education facility specialised in knowledge transfer to partner countries (mainly developing countries), is now part of the House of Training.

Finally, Luxembourg hosts other private training centres, both by legal and consulting firms as well as institutions (for example, the LGX Academy launched by the Luxembourg Stock Exchange) promoting sustainable finance within the private sector.

In 2019, the Luxembourg Government approved the “National Research and Innovation Strategy for Luxembourg”, including the “National Research Priorities for Luxembourg” ²³.

For the first time, the topic of sustainable finance was included among the national research priorities: “In addition, special attention will be given to the topic of green sustainable finance, which is considered as the financial sector’s contribution to the creation of a more sustainable global economy. Leading the shift to a low-carbon economy has been of growing importance for the financial sector and the market in recent years” ²⁴.

Apart from the University of Luxembourg, two additional research entities active in sustainable finance research should also be mentioned ²⁵:

- The **Luxembourg Institute of Science & Technology (LIST)** which transforms scientific knowledge into technologies, smart data and tools, helping to empower citizens in their choices, public authorities in their decisions and businesses in their strategies. LIST actively participates in research on sustainable finance, in particular through its research on applying life-cycle sustainability assessment to funds and bonds.
- The **Luxembourg Institute of Socio-Economic Research (LISER)** which carries out basic and applied research activities in the social sciences intending to advance knowledge, inform the actions of public authorities and socio-economic actors at the national and international levels.

Technological innovation

OVERVIEW

Technological innovation is a key tool to enhance sustainable finance in Luxembourg and internationally. As mentioned above, sustainable finance requires a high degree of transparency between projects/companies (investees) and investors so they can monitor the level of sustainability of their investments or financing programmes. This implies collecting, analysing, and monitoring large amounts of data, many of which are non-financial and non-standardised. Innovation also helps promote sustainable investments by making them more accessible and liquid (e.g., asset tokenization allowing for fractional ownership of assets). Therefore, developing efficient and innovative tools and methodologies is a strategic issue for the development of sustainable finance in Luxembourg.

LANDMARK INITIATIVES

- In 2016, the Luxembourg Government with private partners from the Luxembourg financial sector launched the **Luxembourg House of Financial Technology (LHoFT)** ²⁶. The mission of the LHoFT is to drive technology innovation for the financial services industry, connecting the domestic and international Fintech community.

²³ <https://www.fnr.lu/national-research-priorities-for-luxembourg-approved/>

²⁴ www.fnr.lu/national-research-priorities-for-luxembourg-approved, p17

²⁵ Both LIST and LISER are active in sustainable finance research, most recently through their FNR-funded projects REFUND (LIST), ALPHA (UniLu, LIST), and AltFin (LISER).

²⁶ <https://lhof.com/en/>

In this context, it is also worth noting that the LHoFT holds a regular programme together with Luxembourg's Aid & Development and the EIB to support the emergence and development of inclusive finance Fintech solutions (CATAPULT Africa ²⁷). The LHoFT also hosts a growing number of Fintech firms focussing on sustainable finance, as well as climate solutions.

The LHoFT will play an important role in the LSFI's efforts. The LSFI will work closely with the LHoFT in identifying innovative solutions that can be leveraged in the context of sustainable finance.

Civil society

Non-Governmental Organisations (NGOs), as well as not-for-profit associations, and the public are very important stakeholders to be considered to ensure the right balance in the development and implementation of the Strategy. As sustainable finance aims to positively impact the environment and society at large, both sides of the civil society have a role to play.

NGOs are key stakeholders as watchdogs, as well as interlocutors, representing the rights and the issues of the beneficiaries of sustainable finance. Also, NGOs are and may implement innovative sustainable finance tools. For example, ADA conducts due diligence for the Luxembourg Microfinance Development Fund (LMDF) investments and coordinates the SSNUP programme ²⁸ with impact investor.

The public, as consumers, and more specifically as retail investors, have a significant influence on the economy depending on their consumer habits (e.g., by avoiding buying products of certain companies because of their unethical behaviour) or more directly through their own investment decisions (e.g., requesting their banker or life insurer to provide them with ESG investment options).



²⁷ <https://catapult.lu/>

²⁸ <https://www.ada-microfinance.org/fr/ssnup-sodd>

THE STRATEGY: COMBINING THE SUSTAINABLE FINANCE LANDSCAPE AND THE ACTION PLAN OF THE LSFI

FOCUS OF THE STRATEGY: LUXEMBOURG’S CORE FINANCIAL INDUSTRY

In line with the Roadmap, the Strategy targets the transition of the broader financial ecosystem towards integrating sustainability in its entire value chain and positioning Luxembourg as a leading hub for sustainable finance. This objective will be at the centre of the LSFI's Action Plan.

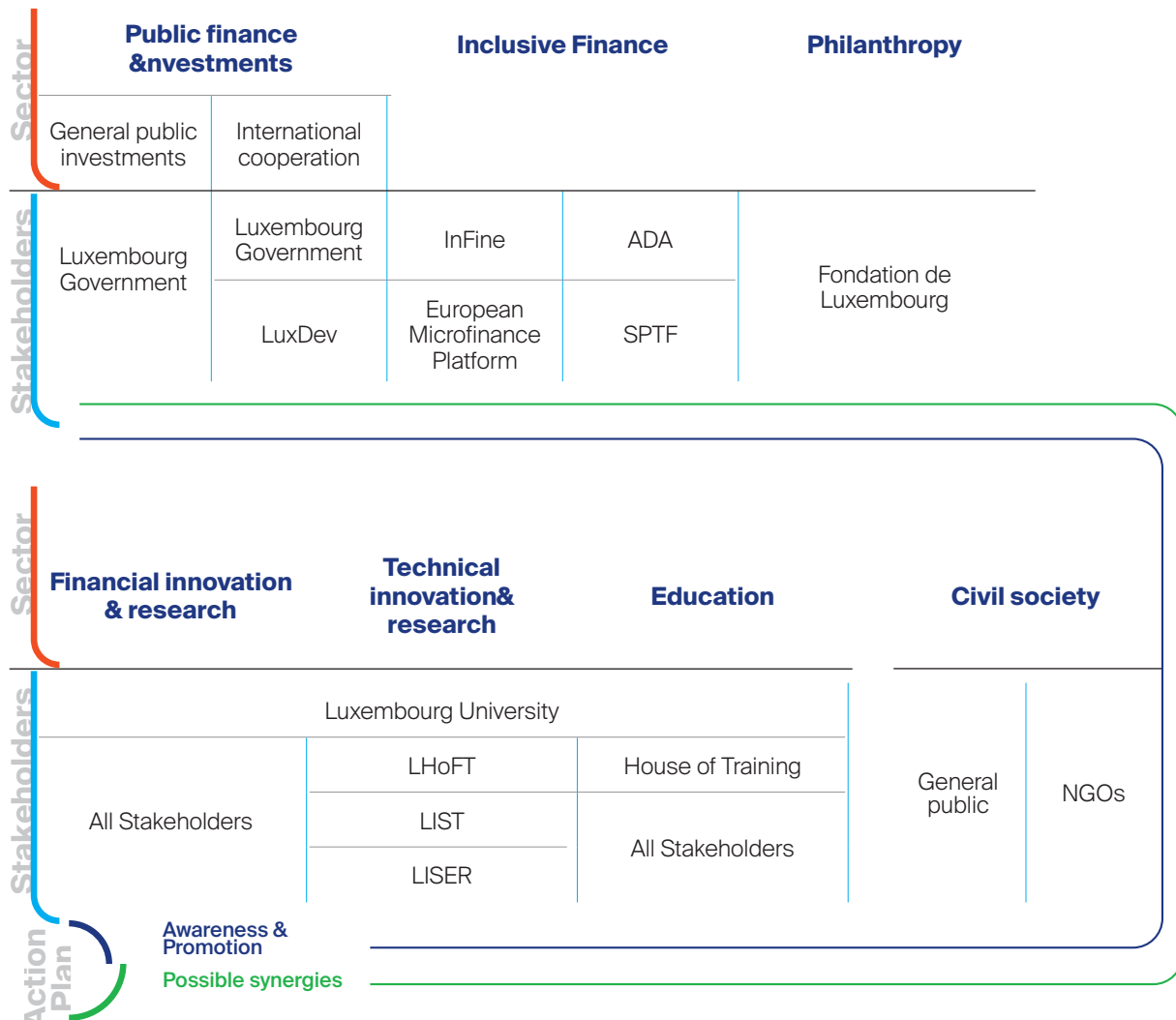
While making sure to avoid redundancies, the LSFI will coordinate and promote stakeholders efforts where relevant. It will also enhance understanding, cooperation and measurement of Luxembourg's stakeholders progress and contribution towards a more sustainable, fair and inclusive economy.

Overview of the core financial industry of Luxembourg

		Core financial industry						
Sector								
	Financial institutions	Industry Associations	Other regulated entities	Clients	Regulators / Supervisors	Monetary authority	Policy Maker	
Stakeholders	Asset managers	ALFI	LuxSE	Retail and professional investors	CSSF	Central Bank of Luxembourg	Luxembourg Government	
	Banks	ABBL	Financial / insurance professionals and intermediaries		CAA			
	Insurers / Reinsurers	ACA						
		LFF	Incl. pioneering initiatives: LuxFLAG, LGX ICFA, IforD, Lux-EIB platform...					
Action Plan	Awareness & Promotion							
	Unlocking potential							
	Measuring							

(This table is not meant to be fully comprehensive)

BEYOND THE CORE FINANCIAL INDUSTRY: PROMOTING ALL STAKEHOLDERS AND FINDING SYNERGIES



All stakeholders have a role to play in the Strategy: the LSFI's Action Plan will include all of them in creating awareness and promoting sustainable finance initiatives. More generally, when rolling out its Action Plan, the LSFI will collaborate with all the relevant stakeholders to find synergies for the benefit of developing sustainable finance in the Luxembourg financial sector and cementing Luxembourg's international role in sustainable finance.



Luxembourg
Sustainable Finance
Initiative's
Action Plan

Implementing the Strategy: The 3 pillars of the LSFI’s Action Plan




The Luxembourg Sustainable Finance Roadmap highlighted 9 major “ambitions” (Refer to Appendix 1 for more details). In order to streamline the activities on which the LSFI will focus, the Action Plan structures these ambitions under three strategic and interdependent “pillars”:



For each Pillar, the Strategy identifies actionable goals for the LSFI. These will be addressed in the short- (1 yr., by 2021), medium- (2-4 yrs., 2022-2024) and long-term (5-10 yrs., 2025-2030). These goals align with the Strategy objectives while remaining flexible and open to the evolving requirements of the various public needs and private stakeholders’ opportunities that may materialise as the sustainable finance sector further develops.

To reach these objectives in a structured manner, the LSFI will be working in close collaboration with existing Luxembourg-based sustainable finance stakeholders, industry associations and civil society representatives, where relevant. Emphasis will be put on avoiding duplication of existing initiatives and ensuring areas of synergy.

Cross-reference table between the Roadmap and the 3 Pillars of the LSFI’s Action Plan:

Pillars of the Action Plan	Roadmap “Ambitions” (RM#)	LSFI: Primary focus in 2021
	<ul style="list-style-type: none"> Formalise and communicate an ambitious, tailor-made and clear sustainable finance strategy (RM1) <hr/> Set up a coordinating entity (RM2) <hr/> Raise awareness (RM4) <hr/> Lead by example and ensure proof of concept (RM8) 	<p>Anchoring LSFI’s online and offline presence</p>
	<ul style="list-style-type: none"> Leverage financial sector expertise (RM3) <hr/> Integrate sustainability into education and professional training (RM4) <hr/> Develop expertise and best practices (RM6) <hr/> Analyse and redesign the system of incentives and taxation (RM7) <hr/> Promote innovation (RM5) 	<p>Structuring relevant workstreams</p>
	<ul style="list-style-type: none"> Measure progress (RM9) 	<p>Coordinating a monitoring framework</p>

Awareness & Promotion



Pillar 1 - Awareness and Promotion

Sustainable finance is a fast-evolving topic: regulation is quickly developing at both European and national levels. More and more initiatives are being set up to publish reports on data and trends related to sustainable finance, share best practices, and support the promotion and development of standards. Likewise, the concept of sustainable finance itself is constantly evolving with the rise of new notions and new investment tools (e.g., impact finance; climate-based solutions; nature-based solutions; sustainability bonds; blue bonds; etc.).

Financial industry professionals and the wider public need support in navigating this ever-changing and fast-growing new face of finance.

In Luxembourg, the financial sector's representative associations, leading institutions and dedicated entities have been working for the past few years to create awareness on sustainable finance amongst the financial community. However, the Luxembourg financial community's overall level of involvement needs to be further enhanced, from management level to employees – especially those who are directly in contact with end clients – until the clients themselves. Regarding the clients and the general public, it is essential to make available suitable information on sustainable finance, how it affects financial products, and what their rights are.

Therefore, the LSFI aims to be a central information platform on sustainable finance with two main objectives:

- Becoming a central and easily accessible information hub about sustainable finance, actively informing and enhancing the knowledge of identified targets in an adapted manner (**Awareness**).
- Promoting existing and upcoming public and private sustainable finance initiatives of the Luxembourg financial centre and showcasing them as best practice (**Promotion**).

Both objectives target a broad audience covering all levels of the value chain: from retail clients to professional investors, as well as financial intermediaries, financial advisors and most importantly, the decision-makers within financial institutions. In this respect, communication channels and tools will be adapted to each target.

To reach these objectives in a structured manner, the LSFI will be working in close collaboration with existing Luxembourg-based sustainable finance stakeholders, industry associations, and civil society representatives, where relevant. LSFI will avoid duplicating existing initiatives, and develop, where possible, areas of synergy.

For each communication initiative, the LSFI will measure its impact (e.g., survey with quantitative and qualitative measures) in order to track progress over time (e.g., number of persons reached, increased awareness/understanding).

Pillar 1 |

LSFI'S ONLINE PRESENCE

LSFI's website

For awareness and promotion purposes, the LSFI website will be a central tool for Pillar 1. It will include:

- **General information on sustainable finance** for both professionals and the wider public. Two different sections dedicated to each of these targets will be developed to provide appropriate information.
 - General public section: comprehensive and easy to understand overview of what sustainable finance means for the public in general, and for retail investors in particular.
 - Professional investors section: easily accessible and comprehensive overview of Luxembourg's sustainable finance landscape. It will also highlight noteworthy initiatives and stakeholders and facilitate access to relevant contacts/entities where further information can be found depending on the visitor's objectives.
- **A calendar of sustainable finance events** in Luxembourg, including events organised by public, private, Luxembourg-based or foreign institutions. This calendar will be developed in close collaboration with the relevant stakeholders.
- **Freely accessible webinars** developed by the LSFI on certain topics identified as relevant for the Luxembourg financial industry.
- **Documentation:**
 - **Overview of the main regulations** on sustainable finance (International, European and local) developed in collaboration with the stakeholders.
 - More generally, **any relevant sustainable finance publications, studies and reports** (e.g., the Sustainable Finance Roadmap and publications by stakeholders) including public documents produced by the LSFI.
- **A guide of sustainable finance training courses** for students and professionals available in Luxembourg via public and private organisations. As mentioned in Part 1, various sustainable finance trainings are available in Luxembourg, and the LSFI's website should help visitors understand this training landscape. A list of complementary sustainable finance training offered by foreign organisations will also be made available in a second step. To this end, some partnership agreements could be set up between the LSFI and training organisations abroad.
- **Overview of the sustainable finance landscape:** links to relevant Luxembourg-based sustainable finance stakeholders and related resources will be included (and linked to the website's general information section). In a second step, this section will be enriched by international initiatives and networks which the LSFI will join.
- **A private data room (or "online document cloud")** with access to exclusive sustainable finance resources will be considered at a later stage.

Newsletter

The website will also offer the possibility to subscribe to a newsletter. LSFI will regularly send a newsletter containing articles, publications, events and updates on sustainable finance, with an expected monthly periodicity. The content and language of this newsletter will be adapted to satisfy an audience as large as possible.

Social media

The LSFI will also use appropriate social media channels to promote and create awareness around sustainable finance activities, events, training, and other relevant information on a regular basis. Social media channels will be defined and may vary based on the target audience and encountered interests. The channels used, the content and the tone will be adapted to the target audience and will consider social media best-practices.

LSFI'S OFFLINE PRESENCE

Sustainable finance events

Closely collaborating with stakeholders to avoid any unnecessary duplications, the LSFI will (co)organise events to complement the existing offer of sustainable finance-related events in Luxembourg. The LSFI will consider different formats and content to suit various types of audience:






- Financial community events:
 - As of 2022, the LSFI will (co)organise a high-level yearly conference.
 - *Ad-hoc* topical events based on stakeholders' identified needs and the on-going national and international developments regarding sustainable finance, with industry experts. These events could take the form of webinars which will be freely accessible online, feeding the LSFI's website.
 - The LSFI will also support and help promote the *Academia meets Industry* conferences and seminars organised by the University of Luxembourg.
- Public events targeting a non-financial audience to explain the benefits of sustainable finance and help better connect sustainable finance with the general public.
 - The LSFI will also aim to develop awareness-raising programs targeting teenagers and young adults in collaboration with local initiatives (e.g., Jonk Entrepreneuren). The development of such initiatives will be dealt under both Pillar 1 (organisation of specific campaigns including tailored events) and Pillar 2 (working on the content with relevant stakeholders).

International presence

To develop the Luxembourg sustainable finance sector's visibility and credibility, it is key to collaborate and cooperate with other countries, institutions, and entities both at European and international levels. The LSFI will explore possible partnerships and represent and promote the Luxembourg sustainable finance sector in these international forums, in close collaboration with Luxembourg for Finance and the relevant ministries.







More generally, the LSFI will support the Luxembourg Government and Luxembourg for Finance to promote the Luxembourg financial centre as an international sustainable finance hub.

Action Plan | Pillar 1 | Short-term (2021)



Action	Description	Timing
 LSFI Website	Launch LSFI website, including major info and updates on SF (e.g., training, events, etc.).	Q1 2021
 LSFI Newsletter	Periodical newsletter with relevant info about SF.	Launch Q1 2021, ongoing
 LSFI Social Media	Regular posting about SF on LSFI social media channels.	Launch Q1 2021, ongoing
 Events	Organise online SF events series.	Start Q2/Q3 2021, ongoing
	Event/campaign targeting the civil society: starting the discussions with the relevant stakeholders.	Q3/Q4 2021
 International presence	Represent Luxembourg in international SF networks, create contacts with associations and/or initiatives to identify synergies and best practices.	Start Q1 2021, ongoing



Action Plan | Pillar 1 | Mid-term (2022-2024)

Action	Description	Timing
 LSFI Website	Regular updates of the LSFI website, including developing new features (e.g., datahub, LSFI international network).	
 LSFI Newsletter	Regular newsletter with relevant info about SF.	
 LSFI Social Media	Regular posting about SF on LSFI existing social media channels and launch of new platforms.	
 Events	<p>Organise regular SF focussed events.</p> <p>Organise regular major conferences on SF, involving other international SF initiatives.</p> <p>Organise a campaign or programme targeting civil society.</p>	Throughout 2022-2024
 International presence	Promote Luxembourg in international networks, associations and/or initiatives on SF, identifying synergies and sharing best practices.	
 National Branding	Support the integration of sustainability into national branding, Luxembourg as SF hub.	

Action Plan | Pillar 1 | Long-term (2025-2030)

Action	Description	Timing
 Communication and Events	Consolidate all existing communication activities and LSFI's visibility in Luxembourg and abroad.	
 National Branding	Promote the integration of sustainability into national branding, Luxembourg as SF hub across the whole ecosystem.	Throughout 2025-2030

Unlocking Potential



Pillar 2 - Unlocking Potential

Luxembourg does not just aim to facilitate sustainable finance, but its objective is to embed a sustainable finance culture deeply into its financial sector. Financial professionals need to have solid support and guidance to navigate this new world that will increasingly impact their day-to-day activity.

To fully unlock Luxembourg's potential with regard to sustainable finance, a knowledgeable sustainable finance community needs to be nurtured, with an expertise which is recognised at the international level. The Luxembourg sustainable finance community needs to follow new and emerging trends in sustainability. It should also identify areas where Luxembourg can leverage its financial ecosystem, innovate and potentially gain a first-mover advantage as it has done on many occasions in the past.

For instance, Luxembourg should leverage one of its main strengths: its investment fund industry which today represents the largest fund domicile in Europe, the second largest fund centre in the world after the United-States and is a worldwide leader in cross-border fund distribution.

To help build a broad and proficient sustainable finance community, the LSFI will support the Luxembourg financial sector by creating a knowledge and experience-sharing platform. This platform will help build a constructive dialogue between the Luxembourg financial sector and all other sustainable finance stakeholders in the country as well as with the international network of sustainable finance actors that the LSFI will develop.

This dialogue will help identify the different areas where the LSFI can most efficiently support the Luxembourg financial sector in developing sustainable finance expertise.

In close coordination with public and private stakeholders, the LSFI will therefore support and/or set up specific workstreams on key sustainable finance topics. The format of these workstreams will be adapted to the objectives, availability of resources and needs of the stakeholders, as well as to the Government's priorities. Moreover, the LSFI will avoid duplications (notably with regard to work undertaken at industry association level or the *Haut Comité de la Place Financière*) with a view to maximising the value-added that the LSFI can bring to the sector.

FORMAT OF LSFI SUPPORT

The "workstreams" will be divided into different categories depending on the type of support the LSFI will provide:

Pillar 2

- ① **Supporting work:** the LSFI will assist the financial sector, especially its representative associations, in complementing their own workstreams on sustainable finance. For instance, supporting work will be favoured when a topic is cross-sectoral and could benefit from some coordination by the LSFI or when an association needs a specific task to be done which might be better achieved by, or with the help of, the LSFI (e.g., *linking up with the international sustainable finance network of the LSFI*).
- ② **Cross-sectoral and multi-stakeholders' working groups:** the LSFI will coordinate and organise working groups, when a topic is cross-sectoral and/or requires the active participation of external experts and will be more efficiently treated at the level of the LSFI rather than a more granular or sectoral level. The objectives, timeframe, structure, governance and stakeholders involved for each working group will be clearly defined from the very start in a project charter approved by the LSFI's board.
- ③ **LSFI's own workstreams:** the LSFI can also identify workstreams which will be dealt with internally by its own staff, with or without the support of external advisers. This type of workstream will be chosen mainly for cross-sectoral and time-consuming topics, such as in-depth reports or extensive toolkits (*i.e.*, simplified and non-official guidelines) on specific areas of sustainable finance.

The LSFI will keep a detailed work plan presenting all topics covered, the format chosen for covering them, the objectives, timeframe and the LSFI staff in charge.

For each workstream, the LSFI will define objectives and set targets for the purpose of measuring progress over time. The existing and planned workstream(s) and objectives, will be monitored regularly by the Board of the LSFI to make sure that the topics covered and/or the format used is still relevant, and that the possible synergies with the stakeholders are duly leveraged.

POSSIBLE WORKSTREAMS

The LSFI will map the possible workstreams on sustainable finance and identify synergies across the sectors and arising needs. Below is a first list of potential workstreams to be covered by the LSFI.

Helping integrate sustainability into education and professional training

Luxembourg hosts a variety of trainings on sustainable finance: all these initiatives need to be strengthened and complemented to address arising needs and opportunities in a timely manner, with regards to specific themes or a new target audience.

① Mapping the existing sustainable finance trainings

The LSFI will support the development of trainings and educational initiatives, from school level up to professional executive education. Existing training and education initiatives related to sustainable finance will be mapped against both the needs of the industry, as well as the objectives of the LSFI in terms of raising awareness vis-à-vis the wider public. This mapping will help the LSFI to suggest complementary training or educational initiatives (e.g., partnerships with educational centres in Luxembourg or abroad).

2 Secondary schools

The LSFI will consider developing sustainable finance awareness/educational modules targeting secondary school students in close collaboration with existing Luxembourg initiatives such as Jonk Entrepreneuren as well as the Ministry of Education.

3 Tertiary education

➔ University of Luxembourg

The LSFI will work jointly with the University of Luxembourg to follow up on the partnership agreement between the University and the Ministry of Finance and the Ministry of Environment, Climate and Sustainable Development. This collaboration aims to:

- Help connect the needs of the Luxembourg financial sector and the areas of research in sustainable finance of the University of Luxembourg.
- Cooperate with the Hub for Sustainability Governance and Markets (HSGM) at the University of Luxembourg to suggest research topics and joint projects to understand the impact of market forces, organisations, laws and regulations on sustainable finance.
- Support links at the international level to develop a network of sustainable finance research centres, thereby increasing Luxembourg's credibility and visibility on an international scale.

➔ Training institutes abroad

The LSFI will consider developing special partnerships with foreign entities, if and where relevant, to complement the existing sustainable finance education offering in Luxembourg.

Professional trainings

The LSFI will engage in an open dialogue with:

- the financial sector's supervisory authorities (CSSF and CAA), as well as industry representatives to discuss how sustainability trainings could be included in the required training of financial professionals, especially under existing and upcoming regulations (e.g., MiFID, IDD, SFDR, etc.; see part 3 – Recent regulatory developments at European level).
- ILA's representatives to discuss criteria for the ESG fitness assessment of Board members.

Compilation of standards and best practices

To help Luxembourg's financial sector better navigate the broader sustainable finance world, the LSFI will monitor and collect relevant existing materials developed by competent professional institutions active in this area both in Europe and at international level. The aim is to provide guidance and visibility on the tools already available to support financial actors in their transition towards sustainable finance.

Standards

LSFI's mapping and benchmarking activity will consider standards used around the world, and existing best-in-class guidelines and toolkits to support the finance community in addressing upcoming requirements.

Best practices

Working in close contact with the financial community, the LSFI will be able to map and identify best practices among the stakeholders both at the international and national levels. These can be compiled or showcased in the form of webinars to give sets of relatable examples for the Luxembourg financial industry. They can also be used to identify and develop specific toolkits (*i.e.*, simplified and non-official guidelines) to support the growth of the whole financial industry towards sustainable finance.

Development of toolkits

Based on duly identified needs and priorities, the LSFI will also work with the industry to support the development of general or industry specific toolkits (*i.e.*, simplified and non-official guidelines). These toolkits aim to be “plug & play” resources to integrate sustainability within current industry practices.





Pillar 2 |

Monitoring European and local regulations


The LSFI will keep track of new regulatory requirements in the field of sustainable finance at EU and national levels. This will include synthetic documentation explaining the regulations' main impacts to support the stakeholders in the implementation of these regulations into their business model and risk management.





Action Plan | Pillar 2 | Short-term (2021)

Action	Description	Timing
 Structuring Workstreams	Map existing stakeholders' working groups (WGs) and activities on SF in Luxembourg and identification and prioritisation of needs.	Q1/Q2 2021
	Based on the mapping and on the needs prioritised, leveraging financial sector expertise, support existing WGs or initiatives.	Q2/Q3 2021, <i>ongoing</i>
	Based on the mapping and on the needs prioritised, leveraging financial sector expertise and the LSFI's network, set up new WGs.	Q3/Q4 2021, <i>ongoing</i>
	Based on the mapping and on the needs prioritised, use internal LSFI resources to produce relevant reports/tools for the sector.	Q3/Q4 2021, <i>ongoing</i>
 Education and training	Map current SF training offering and identify possible gaps to cover.	Throughout 2021
	Join and support existing initiatives driving SF education & training in Luxembourg.	Q1/Q2 2021
 Compilation of standards and best practices	Map existing SF standards, guidelines and toolkits and identify their relevance for the financial sector.	Throughout 2021
 Regulation monitoring	Monitor EU SF legislations and regulations.	Throughout 2021

Action Plan | Pillar 2 | Mid-term (2022-2024)

Action	Description	Timing
 Structuring Workstreams	Based on the mapping and on the needs prioritised, leveraging financial sector expertise, support existing WGs, set up new WGs or use LSFI's internal resources.	
 Education and training	Based on identified gaps and existing expertise, strengthen new training offerings and identify other training opportunities (e.g., themes: impact investing, targets: civil society).	Throughout 2022-2024
	Bridge SF financial sector and the University, leveraging respective needs and expertise.	
 Standards and best practices	Develop toolkits to support SF (e.g., ESG reporting, long term investment incentives). Promote existent SF best practices to support SF growth within the financial industry.	
 Regulation monitoring	If relevant, develop an online EU and local SF-related regulations dashboard.	

Action Plan | Pillar 2 | Long-term (2025-2030)

Action	Description	Timing
 Workstreams	Develop expertise and best practice regarding SF in the financial sector.	
 Education and training	Integrate financial literacy and sustainable finance into school curricula and tertiary education. Integrate sustainable finance into all financial sector trainings.	Throughout 2025-2030

Measuring Progress



Pillar 3 - Measuring Progress

In line with the Roadmap, the Strategy targets the transition of the broader financial sector towards the integration of sustainability within their entire value chain.

To measure this transition of the Luxembourg financial sector towards a more sustainable, fair and inclusive economy, regular measurements are needed. Key elements to measure progress are data availability, agreed set of KPIs and defined methodologies and standards to be able to compare measurements. Once these elements are defined, data can be measured and progress can be properly tracked.

Financial institutions have been working increasingly towards the Paris Agreement objectives alignment through public pledges. These initiatives are a fundamental step towards decarbonising balance sheets and portfolios within the financial sector. However, operationalisation of these commitments remains challenging: transparency of the commitment itself and of its actual progress is necessary to ensure public accountability and generate credibility and trust.

In this respect the LSFI's role is twofold:

- to support the financial industry in Luxembourg in measuring and monitoring progress of the path towards the implementation of certain sustainable finance initiatives, and,
- to support the development of the financial industry's capacity to organise data collection, measurement, monitoring and communication of the progress made over time.

2021: SECTOR-WIDE CLIMATE SCENARIO ANALYSIS

An overview of the carbon intensity of the investments which the financial sector is exposed to is an important indicator to support the financial centre's efforts to increasingly shift towards sustainable finance.

Choosing the best methodology

Carbon exposure of an investment or financing portfolio can be measured in various ways:

- Methodologies based on historical (past) data (e.g., carbon footprint evaluation);
- Methodologies based on forward-looking data (e.g., carbon risk exposure assessment, climate scenario alignment assessment). These forward-looking data can be based on asset-level data (e.g., analysis of the future developments planned by the investee companies) or on abstract scenarios (e.g., stress tests based on a sudden increase of the carbon price).

Each existing methodology contributes to a better understand, at various degrees, as to whether an investment is more or less aligned with the goals of the Paris Agreement. They help define a starting point to then define areas of improvement. For now, no methodology has the upper hand and is considered as the perfect tool to measure the carbon intensity of investments.

To gather coherent and comparable data on the whole Luxembourg financial sector, a unique methodology should be used to cover the various financial players. Amongst the existing methodology providers, 2 Degrees Investing Initiative (2DII) ²⁹ is the only not-for-profit think tank in Europe offering quality climate-related analysis, based on forward-looking, asset-level data, and on an open-source program called “the Paris Agreement Capital Transition” (PACTA) ³⁰.

PACTA was developed to measure the alignment of investment portfolios with the climate objectives of the Paris Agreement. It is a sector-based approach, covering public equities, corporate bonds and loans, indicating how an investment or lending exposure aligns with different climate scenarios. It can also help investors implement the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) ³¹.

2021 Luxembourg PACTA study

As part of an European initiative, 2DII is currently working with several EU member states to conduct climate alignment portfolio analysis aiming to cover a large part of assets under management of their financial sector. In 2019, Luxembourg officially joined the initiative giving its financial sector the possibility to measure their alignment to the Paris Agreement, free of charge.

In 2021, the LSFI will coordinate and support a country-wide assessment of Luxembourg’s financial sector.

The assessment will be run periodically in order to measure and analyse the progress of the financial sector and define key milestones. In order to cover all of the various sectors or asset classes in the mid-term, the LSFI and sector experts will assess whether other methods should be used alongside the PACTA tool, as all have distinct objectives and areas of focus, strengths and weaknesses.

The relevance of the results will depend on an active and large participation of the Luxembourg financial institutions. The assessment will be conducted on a voluntary basis, anonymously and free of charge. The LSFI, or any other entity, will not receive any disaggregated data from the independent entities conducting the assessment, each participant will independently be able to decide whether to disclose both its participation and its results. The LSFI will only have access to an aggregated report of all the participant’s data.

DATA COLLECTION, MEASUREMENT AND ANALYSIS

Setting the scene

The great majority of stakeholders interviewed in the process of the Strategy, including industry representatives, insisted on the need to collect data on a regular basis to be able to deliver structured, reliable and comparable data, to understand where Luxembourg’s financial sector stands, measure progress and help increase transparency on the sustainability metrics.

Two main issues need to be tackled regarding data analysis: defining a relevant set of data to be monitored (KPIs) and collecting proper data.

²⁹ <https://2degrees-investing.org/>

³⁰ <https://www.transitionmonitor.com/>

³¹ <https://www.fsb-tcf.org/>

Pillar 3

Defining a set of data/KPIs

Upcoming regulations, such as the European taxonomy and the Sustainable Finance Disclosure Regulation, will drive the type of data which the financial sector will have to provide. The European taxonomy will establish detailed criteria to classify whether an economic activity is sustainable or not, based on defined sustainability objectives. Currently, the technical criteria based on the identified environmental objectives are being developed ³²; social objectives and respective technical criteria will be developed as a second step. Therefore, the financial industry is waiting for the technical criteria to be issued. Meanwhile, companies that wish to conduct any other type of measurement that is not yet covered by the taxonomy, need to refer to other existing standards or create their own reference framework.

Collecting the right data

Currently, financial institutions need to either rely on the data gathered and analysed by external service providers, or to develop their own methodology, often based on a mix of public and private data. In both cases, the costs linked to the data collection is high and could be an impediment to the development of sustainable finance.

In this context, it must be highlighted that to date, no standard methodology has been defined: ESG data in general has become a highly strategic and commercial issue. This is one of the reasons why several financial industry players ³³ have called upon the European Commission for the creation of a centralised electronic European repository for ESG data. This centralised ESG database would make quality, comparable and reliable data public to help financial institutions meet their ESG reporting requirements. However, for now no concrete projects to launch such a database have emerged from this proposal.

LSFI Data working group(s)

To improve the ability of the financial sector to organise data collection, measurement, and analysis, the LSFI will set up a taskforce including the supervisory authorities, financial industry associations, impact finance experts, NGOs, the University of Luxembourg and any other relevant stakeholders to define a set of KPIs, both quantitative (e.g., based on the percentage of assets invested) and qualitative (e.g., risk management practices regarding sustainability issues, monitoring methodologies used). These KPIs should help Luxembourg's financial institutions measure their progress and eventually set themselves targets and timeframes to reach the identified objectives.

LSFI sector-wide surveys

The LSFI will organise regular sector-wide surveys based on these KPIs to understand where the Luxembourg financial sector stands and will provide recommendations or follow-up actions. These survey could be developed in collaboration with the sustainable finance research centre of the University of Luxembourg. More generally, the LSFI will also encourage research programs that can help gather detailed data or quality information on how the Luxembourg financial sector is progressing in integrating sustainability criteria.

³² Art 9: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0852&from=EN>

³³ https://www.efama.org/Publications/20-024%20Joint%20Industry%20letter%20ESG%20EU%20data%20register_EACB_EBF_EFAMA_ESBG_IE_PE.pdf

Objectives of LSFI's work on data

The goal is to set short, mid and long-term clearly-defined objectives to be reached by the financial sector on sustainability topics (e.g., greenhouse gas emissions reduction, conservation, restoration and sustainable use of biodiversity increase). This work should also help to clarify where efforts should be focussed, in line with Luxembourg's commitments regarding the Paris Agreement and the United Nations' Sustainable Development Goals.

SUSTAINABLE FINANCE AND FINTECH: PROMOTING INNOVATION

Luxembourg is internationally recognised as a Fintech hub and already hosts several Fintech firms active in the area of sustainable finance, including inclusive finance.

Fintech has the potential to facilitate the development of sustainable finance, for example, by linking sustainability and smart data management, and thus fostering better sustainability governance and transparency.

The LSFI will therefore support the development of programmes promoting Fintech start-ups and, more generally, innovations addressing challenges and needs of the sustainable finance sector, both regarding regulatory requirements and data-related needs (e.g., green or climate solutions).



Action Plan | Pillar 3 | Short-term (2021)

Action	Description	Timing
Climate Change assessment	Launch of the PACTA assessment to map the current climate change exposure of the Luxembourg financial sector.	Assessment's launch Q1 2021
Data collection, measurement and analysis	Define relevant workstreams related to data and KPIs.	
	Leveraging on financial sector expertise, set up a cross-sectoral and multi-stakeholder working group to identify KPIs to measure and monitor progress of the Luxembourg financial sector on SF.	Q4 2021, ongoing



Action Plan | Pillar 3 | Mid-term (2022-2024)

Action	Description	Timing
Climate Change assessment	Identify and target areas of improvement for the Luxembourg financial sector.	Q1/Q2 2022
	Identify other potential methodologies to cover other financial industry sectors (e.g., private equity, real estate, etc.), or other sustainability criteria.	Throughout 2022
	Repeat PACTA study via PACTA tool by 2DII.	Launch Q1/Q2 2023
Data collection, measurement and analysis	Based on financial sector lessons-learned from new regulations on SF and from PACTA output, confirm identified KPIs to start measuring and monitoring progress of the Luxembourg financial sector on SF via sector-wide surveys.	Throughout 2022-2024
	If needed, launch additional working groups to address other issues related to data collection (e.g., creation of a Luxembourg ESG data centre).	
Fintech	Leverage Luxembourg's fintech hub and sector expertise, to create frameworks and tools to support the SF industry on regulatory requirements and data needs.	Throughout 2022-2024
	Explore financial technology to achieve broader sustainability objectives.	Throughout 2022-2024

Action Plan | Pillar 3 | Long-term (2025-2030)

Action	Description	Timing
Fintech	Promote innovation to facilitate the achievements of the SDGs and test financial technology to fulfill sustainability objectives.	
Data collection, measurement and analysis	Establish the collection, measurement and analysis of relevant data for the Luxembourg financial centre.	Throughout 2025-2030
Innovation	Forge close links between financial sectors, incubators and research centres on SF.	



Diving deeper

What is sustainable finance?

General definition

Sustainable finance can be defined as financial services used to finance the transition of the economy towards a more sustainable future. These financial services consider sustainability criteria into their business and investment decisions.

Therefore, it implies that the investment decision does not only rely on the possible financial return and the usual risk management criteria, but also on sustainability criteria.

EU's definition of sustainable finance

“ Sustainable finance generally refers to the process of taking due account of environmental, social and governance (ESG) considerations when making investment decisions in the financial sector, leading to increased longer-term investments into sustainable economic activities and projects.

*More specifically, **environmental** considerations may refer to climate change mitigation and adaptation, as well as the environment more broadly, such as the preservation of biodiversity, pollution prevention and circular economy. **Social** considerations may refer to issues of inequality, inclusiveness, labour relations, investment in human capital and communities, as well as human rights issues.*

*The **governance** of public and private institutions, including management structures, employee relations and executive remuneration, plays a fundamental role in ensuring the inclusion of social and environmental considerations in the decision-making process.*

*In the EU's policy context, sustainable finance is understood as finance to **support economic growth while reducing pressures on the environment and taking into account social and governance aspects**. Sustainable finance also encompasses transparency on risks related to ESG factors that may impact the financial system, and the mitigation of such risks through the appropriate governance of financial and corporate actors. **34** ”*

34 Sustainable finance definition, European Commission
https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/what-sustainable-finance_en

The European definition of sustainable finance is based on the Environmental, Social and Governance criteria (ESG). However, aside from this very common ESG classification, various frameworks of reference coexist and can be used to describe different possible sustainable investment objectives, such as the United Nations' Sustainable Development Goals (UN SDGs or SDGs), the Paris Agreement, or the upcoming European Taxonomy regulation (see below for more details) which will be a key reference framework.

Furthermore, even though we favour the terms "sustainable finance" throughout this document, we also acknowledge that other terms, such as "responsible investment" or "socially and/or environmentally responsible investment" can have equivalent meaning.

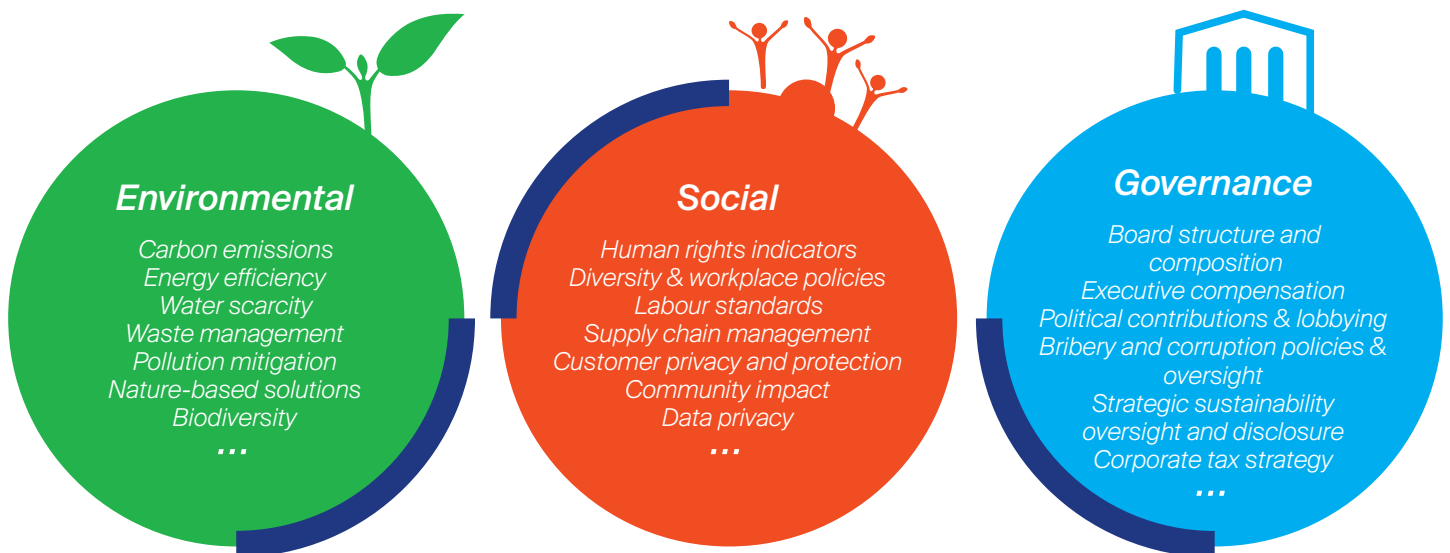
Finally, this document mainly refers to sustainable "investments" for the sake of simplicity. However, we acknowledge that sustainable finance does not only cover "investments", but also other types of financial activities (e.g., savings accounts, lending, project finance, structuring/manufacturing of financial products, trading activities, investment-based insurance products, etc.).

Sustainable finance's themes

The following developments are meant to give an overview of the various "themes" or objectives that investors can decide to support through their investments and explain the different denominations used for sustainable finance products.

ESG classification

Along the lines of the European definition, we refer to the ESG classification of sustainability criteria which can be illustrated as below:



(Source: Morningstar (adapted)) ³⁵

³⁵ <https://www.morningstar.com.au/learn/article/esg-and-sustainable-investing-a-guide/199556>

Sustainable finance instruments can also be further classified into different sub-categories depending on their target objectives. The most common sub-categories are listed below:

“E” Environmental objectives

- **Environmental finance or Green Finance** usually refers to investments with measurable environmental objectives.

Example: environment funds; green bonds (see green bond and environment labels by LuxFLAG 36).

- **Climate finance** refers to investments more specifically aiming at climate mitigation or adaptation
 - **Low-carbon finance** refers to investments related to Greenhouse gas emission reduction.

Example: Climate finance funds (see climate fund label by LuxFLAG 37); fossil fuel divestment strategies.

 - Within this low-carbon finance, **Paris-aligned investments** are investments which are in line with a 1.5°C or 2°C transition scenario (by reference to the Paris Agreement - see below in the “Why sustainable finance?” chapter for more details).

Example: financial instruments which will follow a Paris-aligned benchmark as set out in the Benchmark regulation 38.

“S” Social objectives

- **Social finance** usually refers to investments with measurable social objectives, with regards to the protection of human rights.

Example: Social banking (e.g., Etika a.s.b.l. in Luxembourg), Microfinance Investment vehicles (MIVs; microfinance being the first sector to develop social performance measurement tools), social (impact) bonds such as the EU SURE Programme (Support to mitigate Unemployment Risks in an Emergency - first Bond of over 17bn EUR issued at the LuxSE in October 2020) solidarity-based savings (compte épargne solidaire), in France these savings accounts are based on specific funds called “fonds 90-10” 39.

“G” Governance objectives

- Governance is a cross-cutting theme that is rarely used as an investment theme in itself, but which is key to any type of sustainable investments. Indeed, Governance covers the processes and internal knowledge to properly understand, measure, disclose and address sustainability issues.
- **“ESG” or sustainable investment**, refers to an investment which combines the monitoring of environmental, social and governance criteria.

Examples: sustainable or ESG funds (see LuxFLAG ESG label 40)

36 <https://www.luxflag.org/labels/green-bond/> / <https://www.luxflag.org/labels/environment/>

37 <https://www.luxflag.org/labels/climate-finance/about-label.html>

38 Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) 2016/1011 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks

39 <https://www.finansol.org/2016/10/18/etude-fonds-90-10-synthese/>

A 90/10 fund invest between 5% and 10% of its assets into unlisted “solidarity designed” organizations. The other 90-95% of assets remain classic, listed securities (such as equity, fixed income, etc.)

(http://www.socialplatform.org/wp-content/uploads/2015/03/Hugues-Sibille_pr%C3%A9sentation.pdf)

40 <https://www.luxflag.org/labels/esg/>

It has to be highlighted that ESG criteria or any other sustainability criteria become a relevant language for investors as long as they are supported by recognised sources and possibly verified by an external reviewer to avoid "greenwashing" (*i.e.*, "the practice of marketing financial products as "green" or "sustainable", when in fact they do not meet basic environmental standards. ⁴¹)

Interconnectedness of sustainability criteria

It is widely agreed that the silo approach, that can be implied by the ESG classification, can hide the necessary interconnectedness between the different themes it covers.

This is well recognised, for instance, in the UN SDGs, which are considered as "interconnected" by the UN, or in the European Taxonomy regulation.

Indeed, the so-called "Taxonomy regulation" (see below the developments on the European legislation) sets up a framework of reference to define what economic activities can be regarded as environmentally sustainable. An economic activity can only be considered as such if it not only contributes to an environmental objective but if it also complies with some minimum safeguard's requirements, especially regarding the respect of human rights.

European Taxonomy Regulation: The 4 dimensions of an environmentally sustainable economic activity

An economic activity can be considered as environmentally sustainable if it complies with the 4 cumulative criteria below:

- 1** it substantially contributes to at least one of the six of the following environmental objectives:
 1. climate change mitigation
 2. climate change adaptation
 3. the sustainable use and protection of water and marine resources
 4. the transition to a circular economy
 5. pollution prevention and control
 6. the protection and restoration of biodiversity and ecosystems
- 2** does no significant harm to any of the other 5 environmental objectives,
- 3** complies with minimum safeguards such as the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights,
- 4** complies with quantitative or qualitative Technical Screening Criteria (which are currently being developed).

⁴¹ https://ec.europa.eu/commission/presscorner/detail/en/ip_19_6793

In addition, a review clause allows for the possibility to extend the Taxonomy to the social dimension of sustainability at a later stage.

The European Taxonomy therefore clearly adopts a transversal defining approach of sustainability, which will be used as a reference for all sustainability related European legislations.

Sustainable finance's investment strategies

The level and degree of integration of sustainability criteria into the investment decision process can differ significantly from one type of sustainable investment to another. Different approaches co-exist and can be combined in various ways.

Below are presented two classifications: one from the Global Sustainable Investment Alliance (GSIA) ⁴² and the other from the United Nations Principles for Responsible Investment (UN PRI) ⁴³. Both focus on the investment decision process.



⁴² http://www.gsi-alliance.org/wp-content/uploads/2019/06/GSIR_Review2018F.pdf

⁴³ <https://www.unpri.org/an-introduction-to-responsible-investment/what-is-responsible-investment/4780.article>

Classification based on the Global Sustainable Investment Alliance (GSIA) ⁴⁴.

Negative/exclusionary screening

Definition The exclusion from a fund or portfolio of certain sectors, companies or practices based on specific ESG criteria

Comment Negative screening takes ESG **risks** into account in the investment decision process. It is the ‘first level of sustainable investment. It usually results in defining a list of environmentally or socially “harmful” activities (e.g., human rights violations, health damaging products such as tobacco or controversial products such as weapons) which are excluded from the investment universe. This exclusion strategy is widely used and is usually motivated by avoiding reputational risks.

This type of screening is also increasingly used with regard to investments in carbon-intensive activities (e.g., coal or any other fossil fuel related activities) which can lead to both a reputational and financial risk (e.g., in case of a political decision to stop the coal industry in order to achieve CO2 neutrality). In this latter case, an exclusionary approach can lead to divesting from carbon-intensive activities.

Norms-based screening

Definition Screening of investments against minimum standards of business practice based on international norms, such as those issued by the OECD, ILO, UN and UNICEF.

Comment Examples of norms: Guidelines for Multinational enterprises of the OECD ⁴⁵; ILO’s tripartite declaration of principles concerning multinational enterprises and social policy ⁴⁶; United Nations Guiding Principles on Business and Human Rights ⁴⁷.

Positive / best-in-class screening

Definition Investment in sectors, companies or projects selected for positive ESG-related matters, management and performance relative to industry peers.

Comment Positive screening focusses on the ESG performance of companies and requires a more extensive analysis than negative screening, rewarding businesses in order to ensure the respect of environmental protection and human rights. It can also lead to the inclusion of companies operating in sectors usually seen as environmentally or socially harmful (e.g., tobacco or oil companies) that are showing efforts to transition towards a more sustainable business model.

⁴⁴ http://www.gsi-alliance.org/wp-content/uploads/2019/06/GSIR_Review2018F.pdf

⁴⁵ <http://www.oecd.org/daf/inv/mne/oecdguidelinesformultinationalenterprises.htm>

⁴⁶ http://www.ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm

⁴⁷ https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

ESG integration

Definition The systematic and explicit inclusion, by investment managers, of environmental, social and governance factors into financial analysis.

Comment ESG integration is usually understood as a methodology that focusses not only on ESG risks, but also on ESG factors with material financial impact, rewarding businesses implementing an adequate due diligence in order to ensure the respect of environmental protection and human rights.

Sustainability themed investing

Definition Investment in themes or assets specifically related to sustainability issues such as climate change, food, water, renewable energy, clean technology and agriculture.

Comment This approach focusses on investments that are trying to have a specific environmental or social impact.

Impact / Community investing

Definition Targeted investments aimed at solving social or environmental problems, and including community investing, where capital is intentionally directed to traditionally underserved individuals or communities, as well as financing that is provided to businesses with a clear social or environmental purpose.

Comment Impact investments are those made to generate positive and measurable social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets. They target a range of returns from below market to market rate, depending on investors' strategic goals. The rapidly growing impact investment market provides capital to address the world's most pressing challenges in sectors such as sustainable agriculture, renewable energy, conservation, microfinance, and affordable and accessible essential services (e.g., housing, healthcare, and education)⁴⁸.

Corporate engagement and shareholder action

Definition The use of shareholder power to influence corporate behaviour, including through direct corporate engagement (i.e., communicating with senior management and/or boards of companies), filing or co-filing shareholder proposals, and proxy voting that is guided by comprehensive ESG guidelines.

Comment Corporate engagement requires investors to be proactive in opening a discussion with investee companies regarding their overall ESG practices in detail. As a shareholder, the investor can outline where progress could be made with regards to ESG related issues, where he might help the company, and what would be the consequences of not making progress (e.g., possible divestment from the company).

⁴⁸ For more information on impact investment: <https://thegiin.org/impact-investing/need-to-know/#what-is-impact-investing>; <http://www.impact-investing.eu/who-we-are>

The classification below, based on the United Nations' Principles for Responsible Investment (UN PRI), gives an overview of the main sustainable investment's approaches:

CONSIDERING ESG ISSUES WHEN BUILDING A PORTFOLIO

(known as: ESG incorporation)

ESG issues can be incorporated into existing investment practices using a combination of three approaches: integration, screening and thematic.

IMPROVING INVESTEEES' ESG PERFORMANCE

(known as: active ownership or stewardship)

Investors can encourage the companies they are already invested in to improve their ESG risk management or develop more sustainable business practices.

Integration

Explicitly and systematically including ESG issues in investment analysis and decisions, to better manage risks and improve returns.

Screening

Applying filters to lists of potential investments to rule companies in or out of contention for investment, based on an investor's preferences, values or ethics.

Thematic

Seeking to combine attractive risk return profiles with an intention to contribute to a specific environmental or social outcome. Includes impact investing.

Engagement

Discussing ESG issues with companies to improve their handling, including disclosure, of such issues. Can be done individually, or in collaboration with other investors.

Proxy voting

Formally expressing approval or disapproval through voting on resolutions and proposing shareholder resolutions on specific ESG issues.

(Source: UN PRI) ⁴⁹

Sustainable finance: data and measures

Sustainable investment requires that the improvements targeted are properly understood, monitored and measured through regular reporting.

Reporting requires specific and granular sustainability-related information to flow from data producers (*i.e.*, companies/investees) to data users (*i.e.*, asset managers, banks and end-investor/investors). However, the availability of such data is scarce and needs to be researched (*e.g.*, based on self or third-party reporting, data provider or on-site visits) and compiled by sustainability analysts. Furthermore, existing data is often put into question due to, for example, reliance on self-reported data or on non-transparent methodologies, as well as conflicts of interests of rating agencies (when they are paid by the companies they rate).

This reporting also needs a certain level of standardisation in the type of data collected and in the methodologies used to analyse and present these data, in order to be able to properly compare different investment opportunities. This allows for a common language which is necessary for discussions between stakeholders. Hence, the importance of international standardisation efforts such as the development of a European sustainable finance framework: a common Taxonomy, mandatory disclosure requirements at the level of the investees (Non-Financial Reporting Directive or NFRD ⁵⁰) and at the level of the investors (Disclosure Regulation ⁵¹), as well as due diligence processes.

⁴⁹ <https://www.unpri.org/an-introduction-to-responsible-investment/what-is-responsible-investment/4780.article>

⁵⁰ <https://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=CELEX:32014L0095&from=EN>

⁵¹ <https://eur-lex.europa.eu/legal-content/FR/TXT/HTML/?uri=CELEX:32019R2088&from=EN>

Currently, mandatory non-financial reporting requirements under the NFRD are limited to large companies in the EU. Small and medium-sized enterprises (SMEs) are not required to disclose relevant sustainability-related information. As foreseen by the European Commission, broadening the scope of the NFRD, will be key to support well-informed financing/funding towards SMEs.

It will also be crucial to develop technical tools to collect, manage, analyse and transfer these data and accompany the operational changes implied. The development of financial technologies in this field should be strongly supported. To address these objectives, in Luxembourg, the Luxembourg Stock Exchange developed a platform, the LGX data hub ⁵², which is a centralised database of structured data on a vast range of sustainable securities.

Finally, managing sustainable data will also require properly trained human resources, especially sustainability and financial analysts. Therefore, talent attraction and training are an important issue to solve to ensure proper data management and analysis.



⁵² <https://www.bourse.lu/lgx-datahub>

Why sustainable finance?

The Sustainable Development Goals

In 2015, the 17 United Nations Sustainable Development Goals ⁵³ (UN SDGs) were adopted by the UN in the context of the 2030 Agenda for Sustainable Development, which set out a 15-year plan to achieve these goals. The UN SDGs are to be considered as deeply interconnected and represent a universal call to action for a development that balances social, economic and environmental issues.



The seventeen goals are subdivided into 169 specific targets for improvement to be reached by the year 2030.

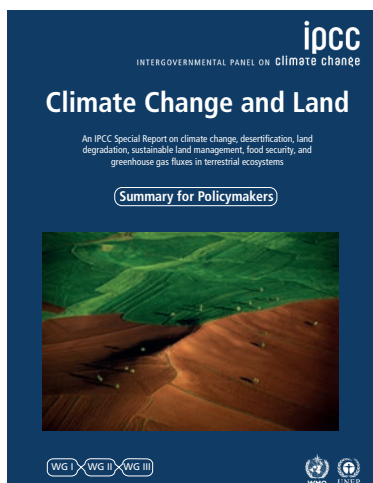
In its National Plan for Sustainable Development, Luxembourg clearly aims to address all SDGs, taking into account their interconnectedness.

The Paris Agreement: the climate emergency

Climate change is a reality that now affects every region of the world. The human implications of currently projected levels of global heating are catastrophic. Storms are rising and tides could submerge entire island nations and coastal cities. Fires rage through our forests, and the ice is melting. We are burning up our future – literally.

**Michelle Bachelet, United Nations High Commissioner for Human Rights,
9 September 2019, Opening Statement to the 42nd session
of the Human Rights Council.**

⁵³ <https://sdgs.un.org/goals>



In December 2015, the Paris Agreement was reached under the United Nations Framework Convention on Climate Change. The signatories committed to keep the global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C.

Time is pressing. Indeed in 2019, the global average temperature was already 1.1°C above the pre-industrial period. To have the best chances to prevent global warming beyond the targeted temperature increase of 1.5°C, the world needs to reduce its Greenhouse Gas (GHG) emissions by 7.6% every year until 2030 and to climate neutral by 2050 ⁵⁴.

In the context of the Paris Agreement, each UN member state needs to regularly set out its GHG emissions reduction trajectory in a “Nationally Determined Contributions” (NDCs) report. The current trajectory of global warming, considering all NDCs, depicts that “*global warming will rise to at least 3°C by the end of the century*” ⁵⁵.



As shown in the 1.5°C World report ⁵⁶ and the Climate Change and Land ⁵⁷ report of the Intergovernmental Panel on Climate Change (IPCC), each additional degree of warming will be increasingly destructive, and a 3°C world would imply a widespread food supply instability in the world, leading to an increased threat to human rights and to human life.

This is why it is urgent to take immediate action as the next decade will be key in winning the fight against climate change. The World Economic Forum projects that by 2030, about \$5 trillion will need to be invested annually in global infrastructure investment in various sectors ⁵⁸ (e.g., telecommunications, transport, water, energy infrastructure). This investment must be more

sustainable to secure a future. A massive reorientation of both public and private capital flows towards green investments will be needed to reach this amount.

Therefore, sustainable finance has been identified as a key tool as it aims to shift financial flows from environmentally and socially harmful investments to investments which can help transition the world to a low-carbon and fair economy.

⁵⁴ Figures from: UNEP, 2018

⁵⁵ Figures from: UNEP, 2019

⁵⁶ <https://www.ipcc.ch/sr15/download/>

⁵⁷ https://www.ipcc.ch/site/assets/uploads/sites/4/2020/02/SPM_Updated-Jan20.pdf

⁵⁸ <https://reports.weforum.org/green-investing-2013/required-infrastructure-needs/>

Recent regulatory developments at European level

Since the High-Level Expert Group (HLEG) ⁵⁹ report on sustainable finance commissioned by the European Commission (EC) in 2016 and published in January 2018 ⁶⁰, the European Union has been increasingly active on the sustainable finance agenda. In March 2018, the EC published its Action Plan on financing a sustainable growth which was soon followed by a package of draft regulations commonly known as the Disclosure, the Benchmark and the Taxonomy regulations. These 3 regulations have ignited a European sustainable finance framework which is now being consolidated by other complementary European initiatives. Some of the most prominent are described below.

The European Green Deal ⁶¹

The European Green Deal was published by the EC on 11 December 2019. It provides an initial action plan to boost the efficient use of resources by moving to a clean and circular economy, restoring biodiversity and cutting pollution.

The plan outlines necessary investments and financing tools, acknowledging that the transition to a more sustainable economy and society will require massive public investment and increased effort to direct private capital towards climate and environmental action. It also takes into account the need to ensure that this transition is just and inclusive.

The Green Deal includes the EC's proposal to raise the EU's climate ambition in a European Climate Law which will enshrine the political commitment of the EU to be climate neutral by 2050.

One of the specific features of the Green Deal is the "Just Transition Mechanism" which aims to provide financial support and technical assistance to help those that are most affected by the move towards the green economy. It proposed to mobilise at least €100 billion over the period 2021-2027 in the most affected regions.

A central part of the EU Green Deal to accelerate energy transition are the European directives on renewable energies, energy efficiency, buildings and trans-European networks (TEN-E). These directives will create a significant market of billions of investments in green technologies (e.g., solar, offshore and land wind, and electricity and hydrogen networks). The presence of the EIB and numerous investment funds specialised in renewable energies and energy efficiency in Luxembourg, makes the country an ideal place to become a "global hub" for financing green technologies.

⁵⁹ https://ec.europa.eu/info/publications/sustainable-finance-high-level-expert-group_en

⁶⁰ https://ec.europa.eu/info/sites/info/files/180131-sustainable-finance-final-report_en.pdf

⁶¹ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

The European climate law ⁶²

Following the European Green Deal, the EC published a proposal for the first European Climate Law ⁶³ in March 2020 aiming to write into law the goal for Europe's economy and society to become climate-neutral by 2050. This means achieving net-zero greenhouse gas emissions for the EU as a whole, through policies, in a socially fair and cost-efficient manner. The law aims to ensure that all EU countries contribute to this goal and that all sectors of the economy and society play their part. By June 2021, the EC plans to review all relevant policy instruments in order to propose amendments, where necessary, and to align them with the emission reduction goal.

The European renewed sustainable finance strategy ⁶⁴

In March 2018, the EC adopted an action plan on financing sustainable growth ⁶⁵ based on the recommendations of the High-Level Expert Group report.

The action plan sets out objectives to further connect finance with sustainability. It includes ten key actions that are divided into three categories:

- Reorienting capital flows towards a more sustainable economy.
- Mainstreaming sustainability into risk management.
- Fostering transparency and long-termism.

Under the framework of the European Green Deal, the EC announced a renewal of this action plan ("renewed sustainable finance strategy"), which aims to provide policy tools to ensure that the financial system genuinely supports the transition of businesses towards sustainability in a context of recovery from the impact of the COVID-19 outbreak.

The renewed strategy is aligned with the objectives of the European Green Deal's investment plan. It focusses on creating an enabling framework for private investors and the public sector to facilitate sustainable investments.

It seeks to do so across three dimensions in particular:

- Strengthening the foundations for sustainable investments.
- Increasing opportunities for citizens, investors and companies.
- Fully managing climate and environmental risks.

On 8 April 2020, the EC launched a consultation which is expected to be finalised and published in early 2021.

⁶² https://ec.europa.eu/clima/policies/eu-climate-action/law_en

⁶³ https://ec.europa.eu/info/files/commission-proposal-regulation-european-climate-law_en

⁶⁴ https://ec.europa.eu/info/publications/sustainable-finance-renewed-strategy_en

⁶⁵ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52018DC0097>

The finance transition of the European Investment Bank (EIB) and the EIB Group Climate Bank Roadmap 2021-2025 ⁶⁶

In November 2019, in line with the political ambition supporting the European Green Deal, the EIB Board of Directors decided to increase the level of climate and environment commitment for the EIB Group. This increased ambition has far-reaching implications on the Group, transforming it from “an EU Bank supporting climate” into “the EU Climate Bank”. The EIB published the “Climate Bank Roadmap” to set out how the EIB Group intends to deliver on this expectation.

International Platform on Sustainable Finance (IPSF) ⁶⁷

The IPSF is an initiative launched in 2019 by the EU with relevant authorities of Argentina, Canada, Chile, China, India, Kenya and Morocco. Its objective is to “scale up the mobilisation of private capital towards environmentally sustainable investments.” The IPSF is a forum of dialogue between policymakers in charge of developing sustainable finance regulatory measures to help investors identify and seize sustainable investment opportunities that truly contribute to climate and environmental objectives.

This forum is very relevant for Luxembourg as an international financial centre, because it supports the establishment of international standards, beyond the sole EU approach, to avoid contradicting obligations between different jurisdictions.

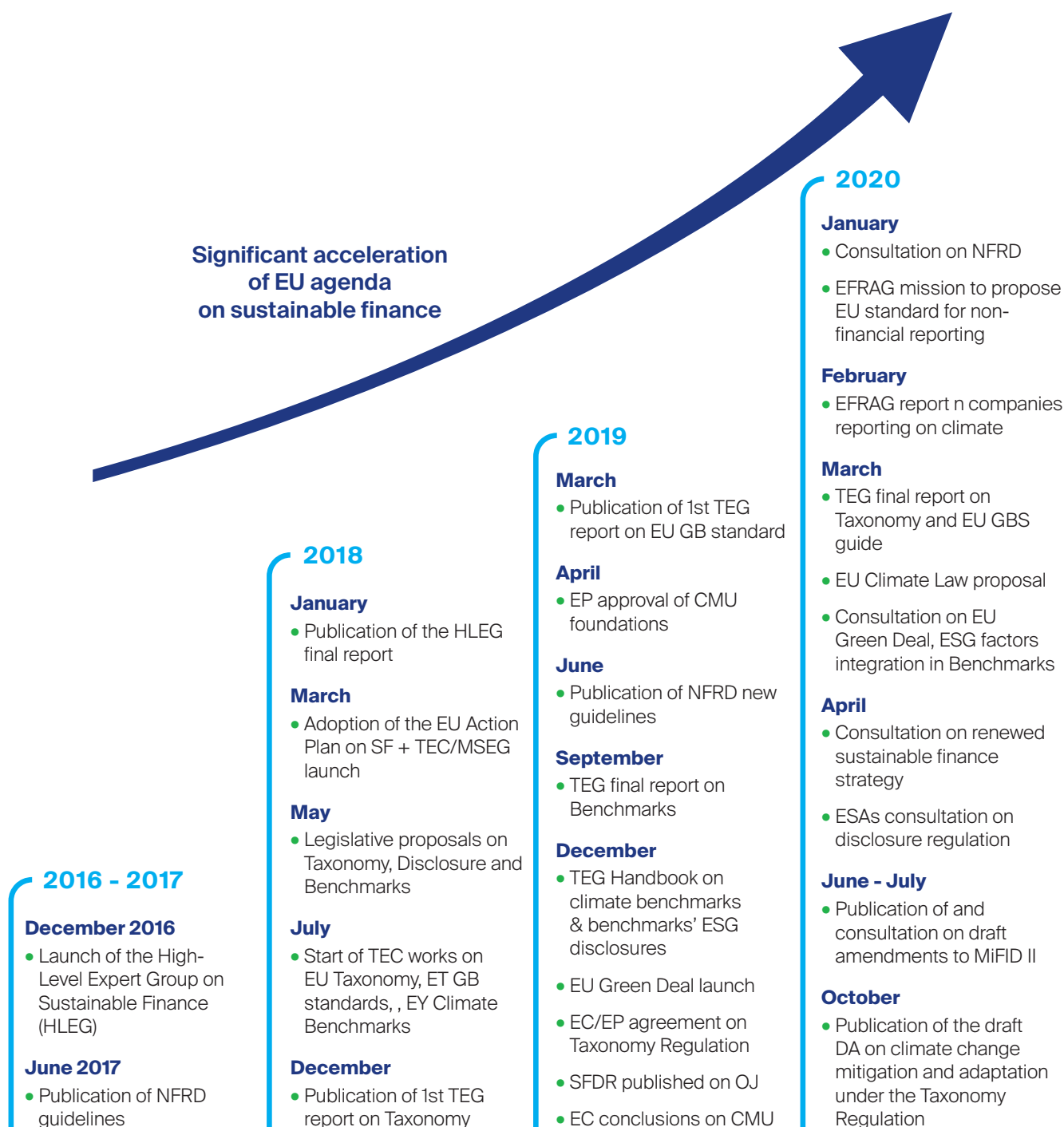


⁶⁶ <https://www.eib.org/en/press/all/2020-307-eu-member-states-approve-eib-group-climate-bank-roadmap-2021-2025>

⁶⁷ https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/international-platform-sustainable-finance_en

EU Action Plan on sustainable finance

Timeline and key milestones (not exhaustive list)



(Source: ABBL – November 2020)

European regulations impacting the financial sector

(Source: ABBL – November 2020)

ACTION	OBJECTIVES	LEGISLATIVE FRAMEWORK	STATUS AND NEXT STEPS
EU Taxonomy	Develop a common language on environmentally sustainable economic activities	PUBLISHED Application from Dec. 2021 and Dec. 2022	Technical advice for climate change mitigation and adaptation by end Dec. 2020
EU GS Standard	Develop EU Green Bond minimum requirements for marketing bonds as green	Adoption of non-binding EU GB standard act Possible legislation after monitoring GS implementation (up to 3 years)	Consultation in June until 2 October 2020 Application date expected by Q1 2021
EU EcoLabel	Develop EU EcoLabel criteria for financial products to protect integrity and trust of sustainable finance market	Criteria developed by EC Joint Research Center (JRC) to be adopted through EC decision under the EU Ecolabel regulation	Adoption of Ecolabel framework for financial products expected for Q3 2021
Climate Benchmark	Develop climate benchmarks and ESG disclosures for benchmarks	PUBLISHED Application on 30 April 2020 and 2021 on ESG disclosures	Delegated acts adopted on July 2020 and subject to a scrutiny period by the EU Parliament and the Council
Sustainable Finance Disclosure Regulation (SFDR)	Investment firms to undertake ESG risk analysis and publish product- and firm-level ESG disclosures	PUBLISHED Application date by 10 March 2021	Publication of final standards/ RTS on content, methodologies and presentation of disclosures expected by end Dec. 2020
Non-Financial Reporting Directive (NFRD)	Enhance climate and sustainability-related information provided by corporations	Revision of the NFRD – the EC issued guidelines on reporting climate-related information in June 2019	Pending the outcome of public consultation and EFRAG Task Force on review on NFRD (report expected in January 2021) Publication expected in Q1 2021.
Prudential legislation – CRR/CRD	Integrate ESG/sustainability risks into broader EU prudential risk framework	ECB guide on supervisory expectations relating to risk management and disclosure	Application date expected in June 2022 (ESG disclosures), 2023 and 2024 (ESG scenario analysis and stress testing), 2025 (prudential treatment)
MiFID II – UCITS – AIFMD	Insert ESG criteria in the clients profile, suitability analysis, product governance and disclosure to clients	2 Draft delegated act amending MiFID and AIFMD regulation and 2 draft delegated acts amending UCITS and MiFID Directives	Consultations until 6 July 2020 Application expected Q4 2021/early 2022 Publication by the Commission and scrutiny period by EP and Council – pending final Commission decision.

Sustainable finance: a clear business case

Taking part in the financing of the European Green Deal ⁶⁸ alongside massive public investments

In December 2019, the European Green Deal stated that:

“To achieve the ambition set by the European Green Deal, there are significant investment needs. The Commission has estimated that achieving the current 2030 climate and energy targets will require €260 billions of additional annual investment, about 1.5% of 2018 GDP. This flow of investment will need to be sustained over time. The magnitude of the investment challenge requires mobilising both the public and private sector.”

A sustainable Europe Investment Plan will be developed to set out, in detail, the additional funding needed.

As a result, embracing sustainable finance means getting access to financing and investment opportunities that will necessarily emerge from the implementation of the European Green Deal.

Offering an answer to the growing concerns and demands of the civil society

- **International awareness:** In the past five years, landmark international agreements created real momentum for sustainable finance with the adoption of the United Nations' 2030 Agenda and its 17 Sustainable Development Goals (The “UN SDGs”), and the Paris Climate Agreement.
- **Gender and generational sensitivity:** the rising clout of millennials and female investors will boost emphasis on companies' sustainability performance, given the apparent concerns of both demographics ⁶⁹.
- **Institutional investors:** awareness amongst institutional investors is growing and leading to strong market announcements, such as:

⁶⁸ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

⁶⁹ E.g., <https://www.morganstanley.com/press-releases/morgan-stanley-survey-finds-investor-enthusiasm-for-sustainable-> ; <https://www.bcg.com/publications/2020/managing-next-decade-women-wealth>

In 2020, the Institutional Investors Group on Climate Change (IIGCC), a €33 trillion investor group, called on the European Commission for “strong EU climate targets” which they consider to be key to economic recovery & future growth” ⁷⁰:

“ A high level of ambition for 2030 is needed to support a more orderly and cost-effective transition in achieving net zero emissions, between now and 2050. Especially as delayed action will be harder to achieve. Clarity is required from policymakers on pathways to achieving net zero emissions across specific sectors of the economy. This is related to the importance of concrete, near-term, sector-specific market signals that can guide investors’ decision-making. ”

Institutional Investors Group on Climate Change (IIGCC)

As sustainability is increasingly becoming a must for investors and financiers, sustainable finance represents, therefore, a very solid long-term business opportunity.

Becoming a first mover to help the financial sector ride the sustainable finance wave

Regulatory initiatives at both national and European levels have multiplied in the years following the adoption of the UN SDGs and the Paris Agreement. Regulations for mainstream sustainability at all levels of the economic value chain are being adopted at an unprecedented rate.

The European agenda regarding sustainable finance is very ambitious and thorough and will lead to important operational changes for all players in the financial sector (see Part 3 - “Fast regulatory developments at European level”).

By supporting the financial sector in anticipating and implementing these new regulations, Luxembourg’s financial services industry can benefit from new streams of services, especially with regard to setting up and managing investment funds and vehicles, one of Luxembourg’s strong areas of expertise, in line with the new sustainable finance rules.

Benefiting from the positive impact of sustainability on performance

There is growing consensus, supported by expert research that, contrary to a long-standing belief, financial markets reward good ESG performance.

Examples taken from the asset management industry:

A Morningstar’s report run across seven investment sectors, suggests that sustainable investment funds tend to outperform their traditional rivals over 10 years. The firm adds that 58.8% of sustainable funds that existed 10 years ago “beat their rivals on average”, including 70% in the US large-cap equity market ⁷¹.

A study by PWC Luxembourg claims that ESG aligned funds cumulatively “outperformed their traditional counterparts by 9% over a period from 2010 and 2019” ⁷².

⁷⁰ <https://www.iigcc.org/news/e33-trillion-investor-group-strong-eu-climate-targets-key-to-economic-recovery-future-growth/>

Developing new risk management approaches to integrate climate & sustainability related risks

Financial activities are more and more exposed to climate related risks:

- Physical risks: damage to property or infrastructure due to extreme climate events (storms, floods, droughts, etc.)
- Transition risks: society adjusting towards a low carbon economy by changing consumption patterns, energy sources, changing regulations, etc.).

These climate risks can lead to a sudden loss in value of existing assets, which are referred to as “stranded assets”. In this context, shifting to sustainable finance is a business necessity.

More generally, as part of its sustainable finance agenda, the European Commission is planning to regulate the integration of sustainability risks and factors into financial institutions’ business strategies, processes and governance. The European Supervisory Authorities have been asked by the European Commission to work on the integration of climate and sustainability risks into European prudential regulations.

“ (...) economies and societies are increasingly facing the somewhat unpredictable, complex and severe consequences of biodiversity loss and climate change resource depletion, income inequality, migration and other environmental and social concerns.

Against this background, legislators in the EU and around the world are taking actions to change economic activities that have significant adverse impacts on ESG factors and to alleviate the worst consequences. ”

EBA Discussion paper on management and supervision of ESG risks for credit institutions and investment firms ⁷³

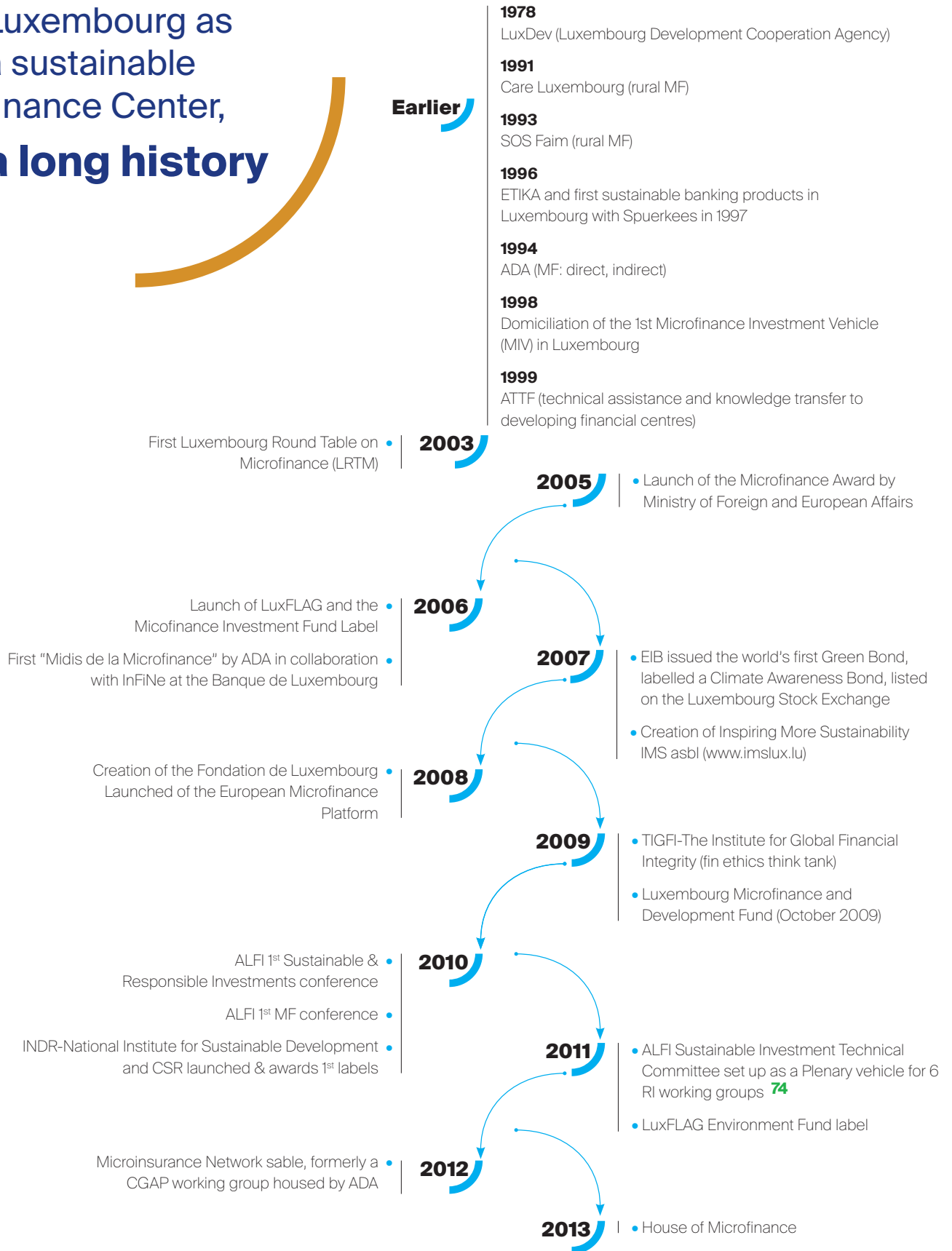
Therefore, a whole new approach to risk management is underway. The European financial sector needs to anticipate and develop the relevant skills to face the upcoming regulations in this regard.

⁷¹ <https://www.morningstarfunds.ie/ie/news/203248/do-sustainable-funds-beat-their-rivals.aspx>

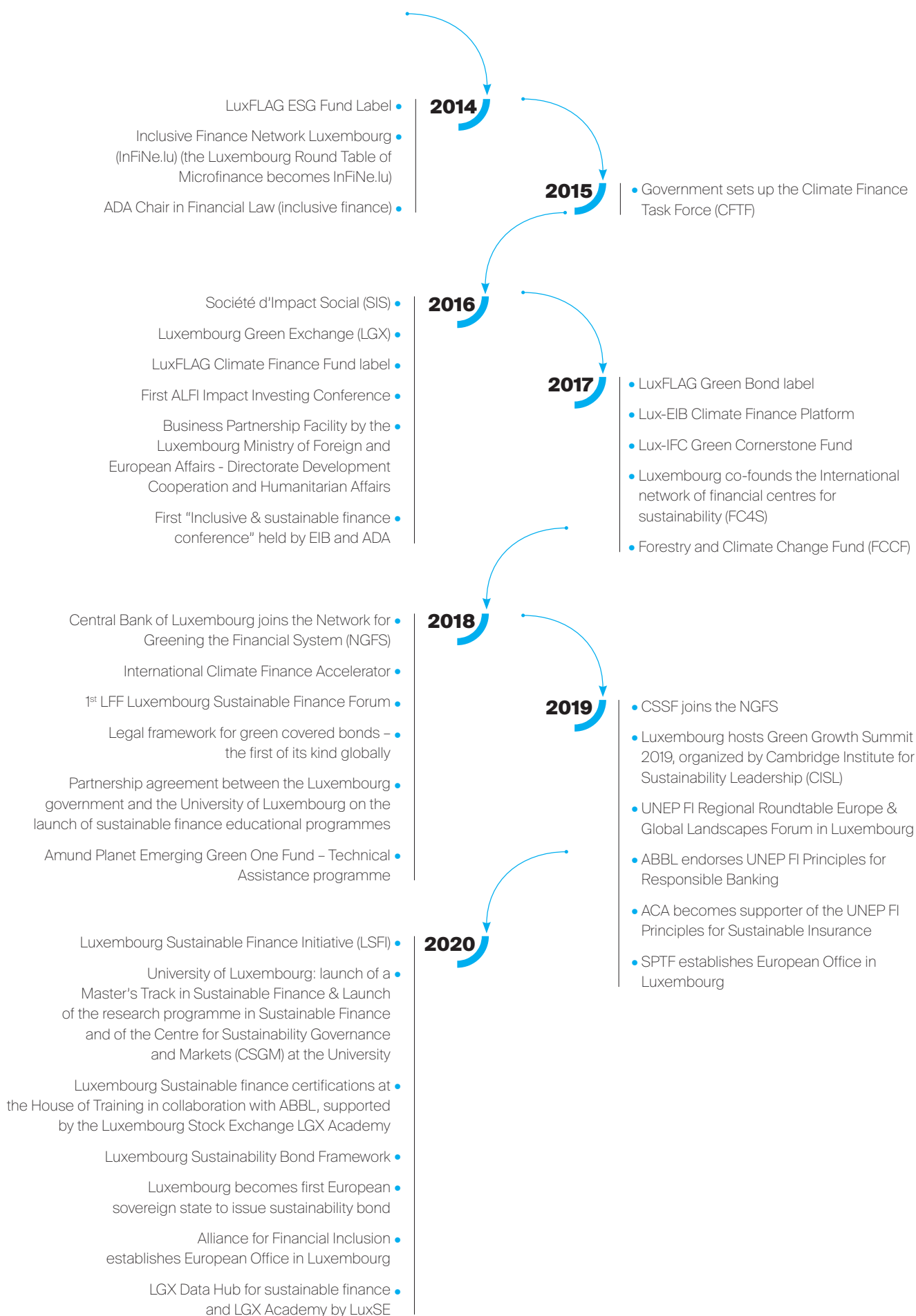
⁷² <https://www.pwc.lu/en/sustainable-finance/docs/pwc-esg-report-the-growth-opportunity-of-the-century.pdf>

⁷³ <https://www.eba.europa.eu/calendar/discussion-paper-management-and-supervision-esg-risks-credit-institutions-and-investment>

Luxembourg as a sustainable finance Center, a long history



⁷⁴ SR Funds, SRI Conference, Microfinance, LuxFLAG, Carbon Funds and Islamic Finance





APPENDIX 1

Recommendations of the Luxembourg Sustainable Finance Roadmap

N. **Ambition**

Recommendations

- | | |
|--|--|
| <p>1 Formalize and communicate an ambitious, tailor-made and clear sustainable finance strategy</p> | <p>1 Formalise an ambitious, coherent, consistent and transparent Sustainable Finance Strategy, reflecting the distinctive features and added value of Luxembourg</p> <p>2 Ensure endorsement by all stakeholders involved as well as transparent communication</p> |
| <p>2 Set up a coordinating entity</p> | <p>1 Set up a Sustainable Finance Initiative as a coordinating entity, in the form of a public-private partnership, as well as sector and/or theme-specific task forces with defined roles and responsibilities</p> |
| <p>3 Leverage financial sector expertise</p> | <p>1 Develop a toolkit for sustainable investment funds and other financial products by combining existing tools and tailoring them to sustainable finance</p> <p>2 Increase the offer of liquid products, such as sustainable UCITS, listed green and sustainable bonds, savings accounts and insurance products</p> <p>3 Analyse how Luxembourg can leverage its framework and expertise in blended finance to better connect investors and investees to mobilise finance for sustainable development</p> |
| <p>4 Raise awareness and integrate sustainability into education and professional training</p> | <p>1 Organise regular events, conferences and meeting points on sustainable finance to raise awareness and showcase sustainable finance initiatives and products</p> <p>2 Integrate sustainability into national branding, in order to promote it across the whole ecosystem: sustainable development is a creator of social cohesion, an economic opportunity and a differentiating factor</p> <p>3 Integrate financial literacy and sustainable finance into school curricula and tertiary education</p> <p>4 Integrate sustainable finance into all financial sector training</p> <p>5 Consider criteria for ESG fitness assessment of Board members</p> |
| <p>5 Promote innovation</p> | <p>1 Forge close links between incubators, schools and research centres to attract talent and build human capital</p> <p>2 Promote innovation at the service of the SDGs and explore better leveraging of financial technology to achieve sustainable objectives</p> |

6 Develop expertise and best practice

- 1 Promote research programmes on blended finance to finance sustainable development
- 2 Set up Masters and PhD programmes in sustainable finance, such as asset management and impact management and measurement
- 3 Build, strengthen and extend existing expertise in assessing and measuring social and environmental impact investments
- 4 Develop effective reporting systems and guidelines for ESG reporting

7 Analyse and redesign the system of incentives and taxation

- 1 Redesign investment incentives to promote long-term investments at the level of product developers, investors and investees
- 2 Analyse how direct tax incentives could be linked to sustainable finance activities and business models
- 3 Analyse whether the scope of reduced indirect taxes should be broadened for sustainable companies and business models

8 Lead by example and ensure proof of concept

- 1 Screen public investments for their ESG soundness and carbon footprint
- 2 Develop and communicate clear guidelines for sovereign funds and public pensions
- 3 Use the influencing power of public funds through active shareholder engagement
- 4 Leverage public funding to ensure proof of concept (for example, through creating a social and environmental impact fund) and seed-fund these initiatives

9 Measure progress

- 1 Participate in the elaboration of best practice and indicators with initiatives such as the International Network of Financial Centres for Sustainability
- 2 Identify stakeholders to ensure the definition and implementation of a controlling framework
- 3 Organise data collection, measure and communicate on progress over time
- 4 Take corrective actions if necessary

APPENDIX 2

List of stakeholders *(alphabetical order)*

This list is made of all the organisations which received this Strategy for consultation, or which were mentioned as stakeholders by certain respondents

1	4Climate	4C	4climate.com
2	Administration de l'Environnement / <i>Environment agency</i>	AEV	aev.gouvernement.lu
3	Appui au Développement Autonome	ADA	ada-microfinance.org
4	Association des Banques et des Banquiers du Luxembourg / <i>the Luxembourg Bankers' Association</i>	ABBL	abbl.lu
5	Association des Compagnies d'assurance et de Réassurance / <i>Luxembourg reinsurance association</i>	ACA	aca.lu
6	Association Luxembourgeoise des Fonds d'investissement / <i>Luxembourg Investment Fund Association</i>	ALFI	alfi.lu
7	Banque Centrale de Luxembourg / <i>Central Bank of Luxembourg</i>	BCL	bcl.lu
8	Caritas	Caritas	caritas.lu
9	Cercle de Coopération des ONGD du Luxembourg / <i>Luxembourg Association of NGOs</i>	Le Cercle	cercle.lu
10	Chambre de Commerce / <i>Chamber of Commerce</i>	CC	cc.lu
11	Chambre des Métiers / <i>Chamber of Trades</i>	CDM	cdm.lu
12	Chambre des Salariés du Luxembourg	CSL	csl.lu
13	Commissariat Aux Assurances / <i>Re-insurance Supervisory Authority</i>	CAA	caa.lu
14	Commission de Surveillance du Secteur Financier / <i>Financial Sector's Supervisory Authority</i>	CSSF	cssf.lu

15	Commission Luxembourgeoise Justice et Paix	CJP	web.cathol.lu/1/services/justice-et-paix
16	Conseil Supérieur du Développement Durable / <i>High Council for Sustainable Development</i>	CSDD	csdd.public.lu
17	Etika	Etika	etika.lu
18	European Investment Bank	EIB	eib.com
19	European Impact Investing Luxembourg	EIIL	impact-investing.eu
20	European Microfinance Platform	E-MFP	e-mfp.eu
21	Finance and Human Rights	FaHR	www.finance-humanrights.org
22	Fondation de Luxembourg	FdL	fdlux.lu
23	Greenpeace Luxembourg	Greenpeace	greenpeace.org/luxembourg/fr
24	House of Training / ATTF	HoT	houseoftraining.lu
25	Inclusive Finance Network	InFine	infine.lu
26	Innpact	Innpact	innpact.com
27	Inspiring More Sustainability Luxembourg	IMS	https://imslux.lu/
28	Institut Luxembourgeois des Administrateurs / <i>Luxembourg Directors Institute</i>	ILA	ila.lu
29	International Climate Finance Accelerator	ICFA	icfa.lu
30	Investing 4 Development	I4D	iford.lu
31	Jonk Entrepreneuren Luxembourg	JEL	jonk-entrepreneuren.lu
32	LuxDev	LuxDev	luxdev.lu/fr

33	Luxembourg Capital Market Association	LuxCMA	www.luxcma.com
34	L'Institut National pour le Développement durable et la RSE / <i>National CSR and Sustainable Development Institute</i>	INDR	indr.lu
35	Luxembourg for Finance	LFF	lff.lu
36	Luxembourg House of FinTech	LHoFT	lhofit.lu
37	Luxembourg Institute of Science and Technology	LIST	list.lu
38	Luxembourg Private Equity Association	LPEA	lpea.lu
39	Luxembourg Stock Exchange / Luxembourg Green Exchange	LuxSE / LGX	bourse.lu
40	Luxembourg Financial Labelling Agency	LuxFLAG	luxflag.org
41	Microinsurance Network	MIN	microinsurancenetwerk.org
42	Ministère de l'Économie / Ministry of the Economy	MECO	mecco.gouvernement.lu
43	Ministère de l'Éducation, de l'enfance et de la jeunesse / <i>Ministry of Education, Childhood and Youth</i>	MENEJ	menej.gouvernement.lu
44	Ministère de l'Énergie et de l'Aménagement du Territoire / <i>Ministry of Energy and Spatial Planning</i>	MEA	mea.gouvernement.lu
45	Ministère de l'Enseignement Supérieur et de la Recherche / <i>Ministry of Higher Education and Research</i>	MESR	mesr.gouvernement.lu
46	Ministère de l'Environnement, du Climat et du Développement Durable / <i>Ministry for the Environment, Climate and Sustainable Development</i>	MECDD	mecdd.gouvernement.lu
47	Ministère des Affaires Étrangères / <i>Ministry of Foreign Affairs</i>	MAEE	maee.gouvernement.lu
48	Ministère des Finances / <i>Ministry of Finance</i>	MFIN	mfin.gouvernement.lu

49	Ministère de la Sécurité Sociale / <i>Ministry of Social Security</i>	MSS	www.gouvernement.lu/mss
50	Ministère du Logement / <i>Ministry of Housing</i>	MLOG	mlog.gouvernement.lu
51	Mouvement écologique		meco.lu
52	Natur&Emwelt		naturemwelt.lu
53	Social Performance Task Force	SPTF	sptf.info
54	Université du Luxembourg / <i>Luxembourg University</i>	Uni	uni.lu
55	Votum Klima		votumklima.lu

