

2023 LSFI Stakeholder Assembly

Follow-up & LSFI Upcoming Activities

Executive Summary

The Luxembourg Sustainable Finance Initiative (LSFI) organised in July 2023 its second Stakeholder Assembly. This forum gathered players from different sectors with the aim to:

- Inform about LSFI's ongoing and upcoming activities and projects;
- Foster synergies among the LSFI stakeholders by discussing activities, priorities and challenges in sustainable finance.

Understanding its stakeholders' main areas of work and needs is central for the LSFI to develop its mission of raising awareness and helping the financial sector transition towards sustainability. Going forward, the LSFI will focus on supporting its stakeholders to address some of the shared key challenges by providing regulatory updates, fostering coordination, and underpinning the difficulties around ESG data, among others.

This document exposes the priorities and challenges outlined by the LSFI stakeholders and the LSFI responses. This work aims to help the financial sector to efficiently shift towards sustainable finance, positioning Luxembourg as a key player in the space and achieving the much-needed transition.

About the LSFI Stakeholder Assembly

The 2023 LSFI Stakeholder Assembly brought together representatives of 24 organisations from the financial industry, inclusive finance, research and education, corporates, civil society and public bodies. The Luxembourg Minister of Finance, H.E. Yuriko Bakes, and the Luxembourg Minister for the Environment, Climate and Sustainable Development, H.E. Joëlle Welfring, also participated in the Assembly.

During this meeting, the LSFI presented its past year's key activities, as well as projects that will be developed over the following months (further information below). The participants also had the opportunity to present their main priorities and challenges in sustainable finance.

Stakeholders' Priorities and Challenges

While the stakeholders raised various topics¹, the most mentioned ones are outlined below. This section only includes those that are within the LSFI remit.

- **Regulation** represents one of the most significant difficulties for the stakeholders. Among others, the following issues were raised: implementation of regulatory requirements, continuous increase of new publications and related requirements, not

¹ During the LSFI Stakeholder Assembly all the participants had the opportunity to present the priorities and challenges of their organisations. Out of the 24 organisations which attended, 20 presented.

synchronised regulatory timelines and implementation periods, lack of data and standardisation in reporting, and lack of consistency and usability of the current regulatory framework. The need for regulatory convergence and help in following and staying up to date on this matter was also mentioned.

- **Coordination** was repeatedly mentioned as a key pillar for fostering sustainable finance. In particular, gathering actors and supporting dialogue across sectors and industries, sharing expertise and best practices, avoiding duplications, and co-creating knowledge are considered priorities. Co-organising activities (e.g., networking and events) was also highlighted as necessary.
- **Data** is a prevailing challenge, including: lack of data on different themes (e.g., climate data), at multiple levels (e.g., at the project or company level), and for certain geographies and markets (e.g., emerging markets). Lack of reliable data and difficulties in measuring and reporting were also mentioned.
- **Training and capacity building** remain a difficulty ranging from the further need to educate and upskill professionals at all levels (from the board of directors to more junior profiles) on sustainable finance-related fields to facilitating and promoting talent attraction.
- Access to **resources and toolkits** that can help unravel the sector's challenges and priorities was requested. For instance, learning from past or similar contexts and benefiting from already established best practices.
- **Awareness Raising** continues to be pivotal to increasing industry engagement and responsibility.
- Establishing a **Luxembourg Scientific Advisory Board** to support and guide LSFI and the Luxembourg financial industry decisions was also proposed as a priority.
- Updating the **Luxembourg Sustainable Finance Strategy** was also requested by some stakeholders.

Follow-up & LSFI Upcoming Activities

In the section below, the LSFI describes the key activities that will be performed throughout 2023 and 2024, aiming to respond and address the priorities and challenges revealed by its stakeholders as indicated above.

These activities outline the main priorities and central areas of work, in line with the LSFI Action Plan and mission; however, they do not encompass all that the LSFI develops.

Regulation

The LSFI is not a regulatory, public affairs or advisory entity, and thus does not comment or issue statements on the regulation. However, following our awareness-raising mission, the LSFI follows and informs neutrally about the latest EU and Luxembourg regulatory updates on our website, newsletter and social media and organises webinars.

In addition, LSFI launched, just after the Assembly, a website section on EU sustainable finance [regulation](#) dedicated to help financial professionals understand and stay up to date on this topic in a simplified way. French and German versions will be launched and a new page on IDD developed in the next months.

Coordination

To foster coordination and synergies and help the sector advance at speed, the LSFI acts as a central point of contact among all sustainable finance actors. In particular, LSFI holds regular operating committees within industries; has continuous bilateral exchanges with its stakeholders such as the financial associations, companies' representatives, civil society and other sustainable finance actors; runs cross-sectoral working groups; and occasionally organises roundtables.

In addition, the LSFI will also:

- Coordinate the Women in Finance Charter data collection and reporting.
- Actively participate in industry working groups.
- Take part at the international level in forums and networks, such as Eurosif and FC4S, with the twofold aim of representing and showcasing Luxembourg, and exploring best practices across jurisdictions.

Data & Measuring Progress

The LSFI is currently running a working group focused on Climate Measurement and Reporting to analyse and propose practical climate measurement and reporting tools and methodologies for Luxembourg financial institutions. Its outcome is expected to be released in Q4 2023.

In addition, the LSFI will:

- Contribute to upskilling and guiding the financial industry in its decarbonisation pathway with the support of the conclusions of the above-mentioned working group.
- Run in Q4 2023 the ESG Data working group. It will focus on addressing ESG data challenges by providing explanations and sector guidance.
- Conduct the 2023 Luxembourg Sustainable Finance Study to be published in Q4 2023. The study will update the data points covered in the 2022 edition and enlarge its scope following the increased data availability and the latest regulatory and market updates.

Training and Upskilling

The LSFI has run a working group on Training and Education to strengthen Luxembourg's financial sector players' sustainable finance skills and competencies on sustainable finance. The working group members reached their first conclusion in June 2023. The whitepaper "[Sustainable Finance Training Needs & Gap Analysis in the Luxembourg Financial Sector](#)" describes the analysis and the findings of the working group research.

We also collaborate with Luxembourg education and research centres, acting as a connecting entity between academia, research and industry (dedicated meetings, webinars, joint projects...).

To strengthen its activities in this regard, the LSFI will also:

- Support the financial sector and the training institutions to cover the identified training gaps in Luxembourg, such as "How to sell and/or market an ESG product?" and "Impact Investing, Inclusive Finance, and Blended Capital".
- Reconvene the Education and Training working group in six months to ensure its outcome's accuracy and follow developments in the training market.

- Continue updating the LSFI Take Action section on [Training](#) every 6 months (see Toolkits and Knowledge sharing section for more information).

Toolkits & Knowledge Sharing

The LSFI has an online toolkit called [Take Action](#) dedicated to instruments, training and regulation on its website. The toolkit aims to provide useful and structured information in a comprehensive but easily accessible way². The LSFI also publishes whitepapers to nurture a knowledgeable sustainable finance community (e.g., blended finance).

Going forward, the LSFI will:

- Keep the LSFI Take Action Instruments and Training toolkit updated every 6 months; and the regulation part as new updates emerge.
- Develop new sections within the Take Action toolkit on labels, retail investing and blended finance.
- Issue whitepaper on Biodiversity (following the Masterclass planned in November).
- Organise masterclasses to upskill Luxembourg financial professionals, providing practical support to challenges and gaps in Biodiversity and Human Rights, among others.

Awareness Raising

The LSFI constantly engages in awareness raising activities independently or in partnership with various stakeholders and is open to further collaborations.

The LSFI will continue developing the below awareness-raising activities:

- Maintain relevant sources of information, such as the [website](#), [newsletter](#) or [LinkedIn](#) page, by weekly gathering news, events, regulatory updates and publications.
- Organise and co-organise awareness-raising sessions on sustainable finance across different sectors and targets such as schools, companies and start-ups.
- Organise and co-organise technical webinars targeting financial professionals. The LSFI partners with the University of Luxembourg, and is open to further collaborations.
- Participate in presentations, speaking slots and conferences, both at national and international level.

Scientific Advisory Board (SAB)

In the following months, the LSFI will explore the possibility of assuming the coordination of the Luxembourg Scientific Advisory Board currently hosted by Spuerkeess. It is under discussion what the next steps will be to ensure the best governance is set. The SAB aims to leverage a knowledgeable and experienced community of scientists to advance sustainable finance.

LSFI Strategy Review

The Luxembourg Sustainable Finance Strategy was published in February 2021, and the LSFI is currently focused on implementing its action plan, particularly the medium-term objectives. The Strategy/LSFI Action Plan update is foreseen in the mid-term (2024).

² In particular, the [Instruments](#) section provides a unique and comprehensive list of Initiatives, Frameworks, Standards and Tools that can support the financial sector's transition. The [Training](#) section includes a list of sustainable finance training in Luxembourg and neighbouring countries; and the [Regulation](#) one provides an overview of seven major sustainable finance legislative pieces, giving definitions, responding to key questions and gathering dates and links.