

## **TERMS OF REFERENCE**

### **Impact Investing Advisory Board (IIAB)**

#### **1. Context**

The ultimate objective of sustainable finance is to facilitate the transition of the economy in alignment with the Paris Agreement and the Sustainable Development Goals. In order for this transition to be successful, it is imperative to ensure a positive impact on our economies, the well-being of individuals, and the overall health of the planet.

In recent years, significant efforts have been directed towards sustainable finance at both market and regulatory levels. However, there is a need for a more thorough assessment of the impact of sustainable finance and a concerted effort to further develop impact investing.

As the coordinating entity for sustainable finance actors in Luxembourg, the LSFI is well-positioned to contribute to this mission. Consistent with its mandate to raise awareness and facilitate the financial sector's transition, the LSFI is poised to promote understanding and progress in impact investment, thereby fostering the development of an ecosystem conducive to impact investment.

The initiation of an Impact Investment Advisory Board (IIAB) is proposed as the initial step towards realizing the aforementioned objectives. Focusing on impact investing will not only strengthen the Luxembourg sustainable finance ecosystem, but also serve as a crucial lever for achieving our broader goals.

The establishment of the IIAB will effectively support the LSFI's mission to accelerate the transition toward a more sustainable, equitable, and inclusive global economy.

#### **2. General Mandate & Objective**

The general mandate and mission of the Impact Investing Advisory Board (IIAB) is to guide the LSFI in formulating and executing a roadmap to further boost impact investing in Luxembourg. The aim is to bring together experts and committed professionals in impact investing to strengthen the LSFI's efforts and support Luxembourg's leadership position in this space. The IIAB will act as a platform for thematic knowledge sharing, tailored to the requirements of Luxembourg's ecosystem members, and will bolster the development of the impact investing ecosystem.

By building on the Luxembourg ecosystem for impact investment, the IIAB will help remove barriers associated with a lack of information and data sharing on market activities, performance, and practices. Both smaller players, traditional investors and financial institutions would benefit from efforts to build capacity and create synergies that could lead to an increase in capital allocated to funds delivering impact. Moreover, the IIAB will be pivotal for the further development of the Luxembourg Sustainable Finance Strategy, by helping the LSFI better integrate impact investing.

### **3. Governance**

The IIAB will be established as an advisory body to the LSFI Board of Directors and the LSFI CEO.

A Chair and Vice-Chair of the IIAB will be appointed to steer the meetings and guide the IIAB's work (e.g., defining the agenda and periodicity of the meetings, guiding the discussion, or reviewing the meeting minutes and outcomes). Applicants may express interest in these positions during the application process.

The LSFI CEO will steer the periodic alignments between the IIAB Chair, Vice-Chair and the LSFI Board members, in particular as regards alignment on the proposed annual work plan of the IIAB.

At the operational level, regular exchanges will take place between the LSFI team and the IIAB. The LSFI team will hold the secretariat of the IIAB and may offer support to the IIAB in the development of their activities.

### **4. Activities**

In line with its mandate and objective, the IIAB will foster the creation of a forum for thematic knowledge exchange, based on the needs of Luxembourg ecosystem members and will support the impact investment infrastructure development.

#### **4.1. Main activities of the IIAB**

The IIAB will focus on developing the following areas/activities:

- Define, map and measure the field of impact investing in the country.
- Support the integration of the impact investing dimension in the Luxembourg Sustainable Finance Strategy.
- Identify key priorities to foster impact investments in Luxembourg, in collaboration with stakeholders, where needed, such as:
  - Engaging new ecosystem players to help accelerate the flow of capital towards impact.
  - Creating one or two case study or exemplary projects to establish best practices via the launch of a working group steered by the IIAB.
  - Educating and raising awareness about impact investing with various audiences by organizing workshops and/or masterclasses on this topic.
  - Developing a Take Action toolkit page for the LSFI website on impact investing, explaining what it is and how it works.
- Identify and promote information and best practices, including examples outside of Luxembourg, about impact investing for the broader financial sector.
- Provide Luxembourg with the necessary tools and visibility to become a front-runner in this space.
- Create a channel for international collaboration with peers in this field.

In addition, the IIAB members will be encouraged to independently propose avenues for research, assessments, projects, and trend identification to further push the impact investing ecosystem in Luxembourg.

The IIAB will also support the LSFI in its role as the National Advisory Board (NAB) for Luxembourg (see next paragraph).

#### 4.2. Luxembourg National Advisory Board (NAB) on Impact

With the IIAB's input and steering, the LSFI will apply to become the Luxembourg National Advisory Board (NAB) and will become a member of the [Global Steering Group for Impact Investment \(GSG\)](#). This move will help to enhance Luxembourg's role in the global impact investing scene and further position Luxembourg's financial centre as a hub for impact investing.

#### 4.3. Deliverables

Each conclusion and practical solution proposed by the IIAB, in line with the mandate and objectives described above, will be supported by an outcome document and/or activity (e.g., report, guidelines, online platform, event...).

The deliverables produced by the IIAB will be presented to the LSFI Board of Directors and the LSFI Stakeholders, as well as shared with the broader public when relevant.

### **5. Membership**

The IIAB aims to be composed of professionals with relevant experience and expertise in impact investing, representing the different parts of the impact investing ecosystem, who are willing to contribute actively and regularly to the objectives of this advisory board.

Emphasis will be placed on individuals or organisation representatives who are committed and motivated ecosystem actors, such as established impact investing players, as well as family offices and traditional investors and financial institutions that have the capacity and willingness to advance and promulgate impact investing approaches into mainstream investment. An equal balance of the ecosystem players will be prioritised (e.g., demand, supply, intermediation, policy and other market builders).

Applicants will have to provide evidence on their level of expertise in impact investing. Preference will be given to professionals with experience or a mature understanding of the Luxembourg financial sector context, as well as the impact investing space. However, a candidate based outside Luxembourg with proven vested knowledge within the Luxembourg impact investing space and expertise of the Luxembourg financial sector could also apply and be considered.

The IIAB seats are nominal, and alternate members are not allowed.

#### 5.1. Number of Members

The number of members will be limited to 10 persons to ensure efficiency in the discussions and ensure the IIAB's objectives are achieved.

#### 5.2. Members' selection

The LSFI Board of Directors will select both the IIAB members, as well as the Chair and Vice-Chair, taking into account the different areas of expertise, an equal representation of the impact investing ecosystem, and alignment with the objectives and mission of the IIAB.

Designated members of the IIAB will be appointed to a three-year term, commencing on the date of their appointment, with a commitment to fulfil the mandate for a minimum of one year. Subsequently, the call for applications may be re-opened. Former members will be eligible to reapply. With the LSFI Board of Directors' approval, a call for application can also be opened ad hoc in the event of a member's voluntary resignation or upon request of the IIAB Chair or, in his/her absence, the Vice-Chair. The LSFI will oversee the selection process for the vacant position(s) and submit the applicants to the LSFI Board of Directors for approval.

### 5.3. Members' attendance

IIAB members are obligated to maintain their availability, with an anticipated meeting frequency of seven to nine sessions per year. Persistent absence, defined as three excused or non-excused non-attendances per year, may result in the exclusion of IIAB members.<sup>1</sup>

We recommend applicants carefully consider the IIAB objectives and frequency of meetings when applying to ensure their availability.

### 5.4. Members' compensation

IIAB members will receive an annual compensation of EUR 3.000. Half of the contribution will be disbursed after 6 months from the appointment date, and the remaining half after 12 months from the appointment date. Members excluded from the IIAB due to persistent absence will forfeit entitlement to the annual compensation.

In the event that selected members are not based in Luxembourg, no expenses related to travel for attending IIAB meetings in Luxembourg are foreseen.

**Information regarding how to send an application can be found at the end of the document (See section 9).**

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<sup>1</sup> Exceptions will be made only for absences related to health reasons.

## **6. Meetings**

### **6.1. Meeting calendar & duration**

IIAB meetings will occur seven to nine times a year. In addition, members will be expected to engage in preparatory activities before meetings and undertake follow-up responsibilities afterwards.

The meetings are expected to last from 1.5 to 2 hours. The meeting calendar will be confirmed during the IIAB's first meeting.

### **6.2. Meeting format**

Ideally, the first and decisional meetings will be held in person. Besides that, most meetings will be held online or hybrid for time efficiency. However, if interaction with participants is needed, the Chair or, in his/her absence, the Vice-Chair, might require having them in person.

Overall, the secretariat will try to accommodate members' availability and preferences, always considering the evolution of health and safety rules.

## **7. Confidentiality**

Any presentation, outcome, data or information presented during IIAB meetings will be deemed confidential. While the deliverables of the IIAB are still in progress and until the LSFI officially releases them, they are deemed as confidential. Members are also prohibited from utilizing or sharing any information or materials discussed in the IIAB without the clear consent of the LSFI.

## **8. Secretariat & Supporting Activities**

At operational level, regular exchanges will occur between the LSFI team and the IIAB Chair, Vice-Chair and members.

The LSFI will hold the secretariat of the IIAB. In this role, the LSFI will support the IIAB Chair and Vice-Chair from an organizational and administrative point of view.

The LSFI team may also support the IIAB in developing the activities (e.g., creating a Take Action webpage on the LSFI website, commissioning an impact investing market study, launching a working group, etc.).

The LSFI will also ensure the alignment of the IIAB with the objectives set out in the Terms of Reference.

## 9. Process to become a member

Please send an email to the LSFI at [info@lsfi.lu](mailto:info@lsfi.lu), attaching the filled-out **application form available on the [LSFI website](#)**.

**Interested members' applications must be submitted no later than Friday 23 February 2024 at 7:00 pm.**

The LSFI will inform the **selected members** via email by Friday **22 March 2024**. The first meeting is planned to be held in the month of April 2024.

The final list of IIAB members will be made public on LSFI's website once the members have been selected.

The IIAB call for members will be published on LSFI's website and promoted through the LSFI's communication channels, as well as communicated to the members of the LSFI Stakeholder Assembly and the LSFI Stakeholder Forum.

**Date of approval by LSFI's Board of Directors: 16/01/2024**