

Call for members

LSFI Scientific Advisory Board (SAB)

1. **Context**

Managing sustainability-related risks, impacts- and opportunities from a 'double materiality' point of view as well as integrating environmental, social, and governance (ESG) factors across all investment decision-making processes has become increasingly important for financial institutions. Additionally, for sustainable finance to accelerate, there is a need to enhance the data collection, including measurement and impact assessment across ESG dimensions.

To achieve this, the financial sector is required to consider and get acquainted with dimensions and criteria that, traditionally, are not part of its DNA. Many of these have a strong scientific component.

The LSFI recognises the crucial role of research, science, and cross-sector expert coordination for the financial sector to advance and address these areas. To respond to this need, the LSFI aims to establish an advisory board of scientists to support the advancement of the sustainable finance industry.

In 2021, Spuerkeess established a Scientific Advisory Board to translate theoretical ESG concepts into practical measures and products, facilitate dialogue with scientists and academics, and help the scientific community engage with financial practitioners. The efforts of Spuerkeess' Scientific Advisory Board have been invaluable, and the LSFI extends its gratitude for their contributions. Building on this experience, the LSFI is launching a Scientific Advisory Board (SAB) to build up on the work done and explore new avenues for development.

The launch of the LSFI SAB further enhances the mission of supporting and accelerating the transition to a more sustainable, just and inclusive global economy and provides a unique feature to the Luxembourg sustainable finance ecosystem.

The LSFI is seeking high-level scientists to support this unique mission and drive groundbreaking advancements in sustainable finance as well as foster environmental, social and governance factors.

2. **General Mandate & Objective**

The SAB's general mandate and mission will be to advise the LSFI, and its stakeholders on science-related topics that concern the Luxembourg financial center or are relevant to support the acceleration of sustainable finance. The aim of the SAB is to convene a varied community of scientists and experts on sustainability in order to foster the transition of the financial sector and nurture informed science-based decisions. This will help the Luxembourg financial industry advance and lead in this space.

Enhancing the connection between the financial sector and the scientific community will aid in overcoming barriers related to insufficient technical knowledge, data, tools and

methodologies. The SAB will also be pivotal in helping the LSFI better respond to the challenges and needs of the financial sector.

3. Governance

The SAB will be established as an advisory body to the LSFI Board of Directors and the LSFI CEO. In particular, the SAB will advise the LSFI, its stakeholders and the broader financial sector and work independently.

A Chair and Vice-Chair of the SAB will be appointed to steer the meetings and guide the SAB'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.

At the operational level, the LSFI team will assume the secretariat role for the SAB and offer support for its ongoing work.

4. Activities

The SAB will create a forum for sharing scientific knowledge, conduct assessments, suggest areas of research and development and offer guidance with the aim to further support and advance the transition of the Luxembourg Financial sector towards sustainability.

4.1. Main activities of the SAB

More in detail, the SAB will focus on developing the following areas/activities:

- Conducting assessments on scientific topics that are key to advancing sustainable finance for the financial sector, and suggesting or conducting avenues for further R&D where needed and relevant for the sector.
- Providing science-based proposals and guidance on how to effectively integrate and implement sustainability dimensions across financial institutions.
- Identifying, and, if/where considered relevant, developing science-based tools, indicators or benchmarks to support sustainable finance investment decisions.
- Assessing and recommending best-practices.
- Creating a channel for international collaboration on science-related matters that relate to the sustainable finance ecosystem.
- Proposing avenues for research, assessments, projects, and trend identification to further advance the sustainable finance ecosystem in Luxembourg.

4.2. Deliverables

Each conclusion and practical solution proposed by the SAB, 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 SAB will be presented to the LSFI Board of Directors and the LSFI Stakeholders, as well as shared with the broader public when relevant.

Reporting on SAB activities will be included in the LSFI annual report.

5. Membership

The SAB aims to be composed of scientific profiles, researchers or thought leaders in a scientific discipline such as environment, biology, earth sciences and social sciences (e.g., economics, political science, sociology, human geography) or professionals with relevant professional experience and strong scientific background on science-related matters (e.g., biologist, environmental engineer, sociologist, human rights and governance specialists) who are willing to contribute actively and regularly to the objectives of this advisory board.

Applicants will have to provide evidence of their level of expertise on science-related topics that are relevant to the development of sustainable finance in Luxembourg. Preference will be given to professionals based in Luxembourg with experience or a mature understanding of the Luxembourg financial sector context. However, a candidate based outside Luxembourg with proven scientific knowledge and expertise in the Luxembourg financial sector could also be considered.

The SAB seats are nominal.

5.1. Number of members

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

5.2. Members' selection

The LSFI Board of Directors will select the SAB members, as well as the Chair and Vice-Chair. For the selection, they will take into account the different areas of expertise as well as an equal representation of the different scientific matters (e.g., climate, biodiversity, human rights, governance aspects, etc.) and alignment with the objectives and mission of the SAB.

Designated members of the SAB 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. Following the three-year appointment, the call for applications may be re-opened and 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 SAB 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

SAB members are required to remain available, 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 SAB members.¹

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

¹ Exceptions will be made only for absences related to health reasons.

5.4. Members' compensation & budget

The LSFI will offer to the SAB members an annual compensation of EUR 3.000 upon the confirmation by each member. Half of the compensation 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 SAB 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 SAB meetings in Luxembourg are foreseen.

In addition, budget will be allocated annually for the proposed research and development work, upon discussion and approval by the LSFI Board of Directors, with exceptional requests being approved on an ad hoc basis.

Information regarding how to send SAB members' application can be found at the end of the document (See Section 9).

6. Meetings

6.1. Meeting calendar & duration

SAB 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 up to half a day, depending on the agenda. The meeting calendar will be confirmed during the SAB's first meeting, and reviewed later if necessary

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, unless, due to the nature of the agenda items, the Chair or, in his/her absence, the Vice-Chair, 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 SAB meetings will be deemed confidential. While the deliverables of the SAB are still under preparation 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 SAB without the clear consent of the LSFI.

8. Secretariat, Supporting Activities and Terms of Reference

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

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

The LSFI team may also support the SAB in developing the activities (e.g., creating a Take Action webpage on the LSFI website, launching a working group, supporting on the development of relevant research or studies etc.).

At the first meeting, the SAB Chair, with the support of the Vice-Chair and the Secretariat, will present draft Terms of Reference to the SAB for discussion and adoption by the SAB.

The SAB Chair will ensure the alignment of the SAB with the objectives set out in the Terms of Reference, after adoption.

9. Process to become a member

Please send an email to the LSFI at info@lsfi.lu, attaching the filled-out **application form available on the LSFI website**.

Interested members' applications must be submitted no later than Friday, 13th September at 7:00 pm.

The LSFI will inform the **selected members** via email by Friday **11th October 2024**. The first meeting is planned to be held in November 2024.

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

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