



sustainable **finance** in action

**FIND OUT WHY LUXEMBOURG
IS AN IDEAL ENVIRONMENT
FOR SUSTAINABLE INVESTING**



The Luxembourg Climate Finance Strategy

Luxembourg has a comprehensive domestic climate finance agenda and is resolute in meeting the COP21 Paris Agreement and the UN Sustainable Development Goals. Since 2015, the government and the financial services industry have been working together in a dedicated Climate Finance Task Force. In 2018 the Luxembourg Sustainable Finance roadmap was drafted in partnership with UNEP FI, to further build, implement and grow an integrated sustainable finance strategy by leveraging Luxembourg's inherent strengths as an international financial centre. Key milestones include:

LUXEMBOURG-EIB CLIMATE FINANCE PLATFORM

A joint platform by the Luxembourg government and the European Investment Bank (EIB), which mobilises investments for projects with a strong impact in the fight against climate change. It is the first time the EIB enters in such a partnership with a Member State. The Luxembourg government contributes €30 million as a first-loss guarantee to mitigate private sector investor risk, with the EIB acting as a co-investor.

IFC/AMUNDI PLANET EMERGING GREEN ONE

As a strategic partner of the International Finance Corporation (IFC), the Luxembourg government contributes €1 million per year to the technical support facility of the Amundi Planet Emerging Green One, the largest green bond fund in the world. This Luxembourg based investment fund targets green bonds emitted by banks in developing countries and at the same time helps develop green bond policies, training programs, and best practices through the technical support facility.

INTERNATIONAL CLIMATE FINANCE ACCELERATOR

The Luxembourg government together with partners from the private sector have set up the International Climate Finance Accelerator, which supports innovation and high impact investment strategies to grow tomorrow's climate finance leaders. Support for asset managers includes fund raising, financial and operational support during the launch phase of new fund structures, increased exposure and credibility, as well as inclusion into the wider community of other climate finance managers.



The World's **Green Bond Capital**

Luxembourg is a key player in the Green Bonds space. The Luxembourg Stock Exchange (LuxSE) is the world's leading venue for listed green securities. The capital market infrastructure ranges from listing to post-trade services. The Luxembourg financial ecosystem comprises highly specialised service providers who are able to assist international clients in both equity and debt securities offerings.

THE LUXEMBOURG STOCK EXCHANGE: A TRENDSETTER

- LuxSE is the **global bond listing leader** with a 50% market share of green, social and sustainability bonds listed worldwide.
- In 2007, LuxSE listed the **world's first Green Bond**, issued by the European Investment Bank
- The **Luxembourg Green Exchange** (LGX) is the world's first and leading platform dedicated exclusively to sustainable financial instruments: green, social and sustainable securities.
- LGX is committed to the development of **ICMA Green Bond Principles**
- The LGX is the gateway to Chinese domestic green securities: The Green Bond Channel gives access to data and information on Chinese domestic green bonds listed and traded on the Shanghai Stock Exchange (SSE) or traded on the Chinese Interbank Bond Market (CIBM).

THE LUXEMBOURG GREEN EXCHANGE

	Green	Social	Sustainability
Listed securities	272	30	197
Bn \$ - Amount issued	132	17	55

*Data as at July 2019



USD 200+ bn
issued in total



377% growth
since 2016



525+ securities
denominated in
29 currendes



50% market share
of green, social and sustainability
bonds listed worldwide

The leading European **sustainable investment funds** domicile

- Luxembourg has a **strong track record in socially responsible and impact investments** and provides the perfect environment for climate finance funds
- A tried and tested **toolbox of investment vehicles**, widely considered the most adaptable in the European marketplace



LUXEMBOURG HAS THE LEADING EUROPEAN MARKET SHARE OF RESPONSIBLE INVESTMENT FUNDS



OF ASSETS IN MICRO-FINANCE INVESTMENT VEHICLES (MIVS) WORLD-WIDE ARE IN LUXEMBOURG DOMICILED FUNDS

LUXEMBOURG FUNDS ACCOUNT FOR



57%
OF AUM IN ENVIRONMENT STRATEGY FUNDS IN EUROPE



36%
OF AUM IN SOCIAL STRATEGY FUNDS IN EUROPE

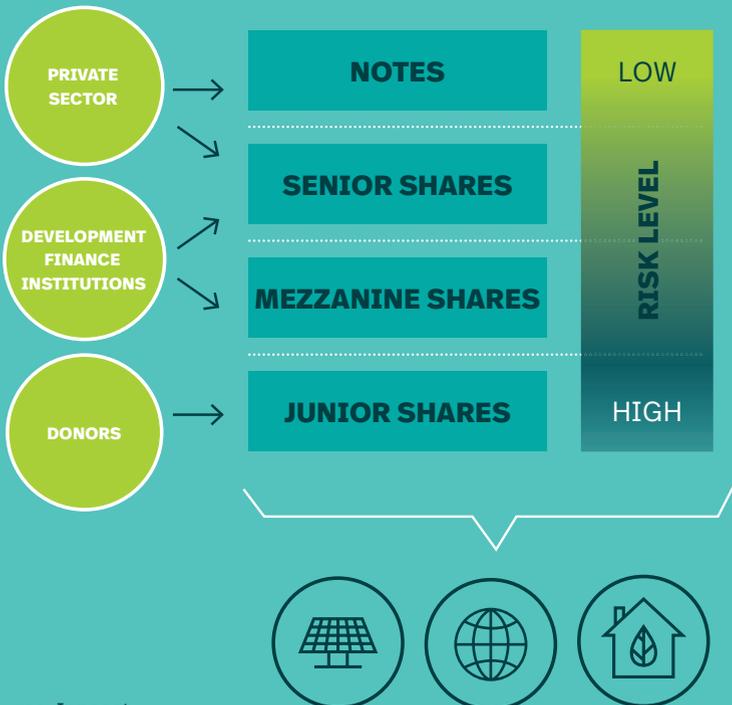


32%
OF AUM IN ESG CROSS-SECTORAL INVESTMENT STRATEGIES IN EUROPE



An Ideal Environment for **Public Private Partnership Structures**

Among the most successful developments in the Luxembourg sustainable finance sector is the “blended finance” structure, an investment fund in which risks and rewards are differentiated by shareholder classes, typically designed as retail, professional and foundation shareholders. This allows for issuance of shares and notes with different characteristics in relation to the needs of each investor. By accepting “first loss” liability and granting priority to retail investors on income earned, the foundation shareholders create a low-risk environment that encourages private capital flows to emerging and frontier markets. The result is to bring sufficient size to the fund to achieve its mission. Over USD 6 bn of blended finance fund assets are domiciled in Luxembourg.



Source: Innpact



A Label of Quality

Since 2006, Luxembourg's pioneering fund **labeling agency LuxFLAG** has helped raise private capital for sustainable and responsible investment projects by providing clarity and transparency for investors. The agency offers five labels.



ENVIRONMENT
MICROFINANCE
ESG
CLIMATE FINANCE
GREEN BOND

158



Total number of **labelled investment products**

64,5



Billions of Euros in **Assets under Management** by labelled products

5



Number of **jurisdictions** represented by labelled products

14



Countries from which **promoters** are from

Philanthropy

Putting Wealth to Work

The **Fondation de Luxembourg** is an important asset for the Luxembourg private banking community. By means of an umbrella foundation structure, the Fondation assists donors in selecting, structuring and managing their philanthropic investment projects. The Fondation has been extremely successful, attracting nearly 70 foundations that engage in projects around the world. Currently eight foundations target climate change mitigation.





The Luxembourg Financial Centre: Providing the **right Environment for Climate Finance**

Luxembourg is an innovative and socially engaged financial centre that is prepared to shoulder its responsibility towards the international community and is committed to playing a key role in the global fight against climate change.

- Ranked as one of the leading financial centres in Europe (GFCI, 2019)
- 2nd world wide for the depth of its green finance ecosystem (GGFI, 2019)
- 130+ international banks

- **World's leading centre** for securities listings
- 40,000+ listed & tradable **securities**
- 3,000+ **issuers** from more than 100 countries
- Listings in 55+ currencies

- **2nd largest investment** fund centre in the world with over €4.5 trillion AuM
- Global leader for cross-border investment fund distribution (62% market share)
- Over 61,000 **cross-border fund registrations** in 70 markets worldwide
- State-of-the-art legal and regulatory framework for investment funds



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www.fdlux.lu



www.bourse.lu/green



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