LUXEMBOURG FOR FINANCE

SUSTAINABLE FINANCE

THE FINANCIAL CENTRE DEVELOPMENT AGENCY

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FINANCING SUSTAINABLE DEVELOPMENT AND THE FIGHT AGAINST CLIMATE CHANGE

01



FINANCING SUSTAINABLE DEVELOPMENT AND THE FIGHT AGAINST CLIMATE CHANGE

Climate change is the challenge of our time. Its consequences are global and will affect all of us. Environmental risks account for three of the top five global risks affecting humanity according to the World Economic Forum[1]. The fight against climate change can only be successful if every country, company, government, and household is prepared to contribute to achieving a low-carbon global economy. Inaction on climate change is more expensive than action.

The COP 21 Paris Agreement signed by 185 countries in 2015 marked a turning point in this battle. The Agreement set out to make all financial flows consistent with a pathway towards low-emission and climate-resilient development.

Governments cannot finance these goals alone, and that is where the financial sector has a major role to play. By committing to sustainable finance, the financial sector is a crucial multiplier in re-distributing capital to where it is needed most and where finance can play a key role in the transition to a net-zero carbon, climate-smart and sustainable future.

But sustainable finance is about more than just climate change. It is about financing a future where businesses act for the benefit of all stakeholders, not just their shareholders. The Covid-19 pandemic has put the sustainability of our global economy in sharp focus, and with it the question as to how finance can play a bigger role in creating a sustainable economic future.

WHAT IS SUSTAINABLE FINANCE

Sustainable finance refers to any form of financial service which integrates Environmental, Social and Governance (also referred to as ESG) criteria into business operations or investment processes and decisions for the enduring benefit of both clients and society at large.

[1] World Economic Forum, The Global Risks Report 2021

ESG Criteria examples



ENVIRONMENT

- Climate change mitigation and adaptation
- Sustainable use and protection of natural resources
- Transition to circular econmy
- Pollution prevention
- Protection and restoration of biodiversity and ecosystems



SOCIAL

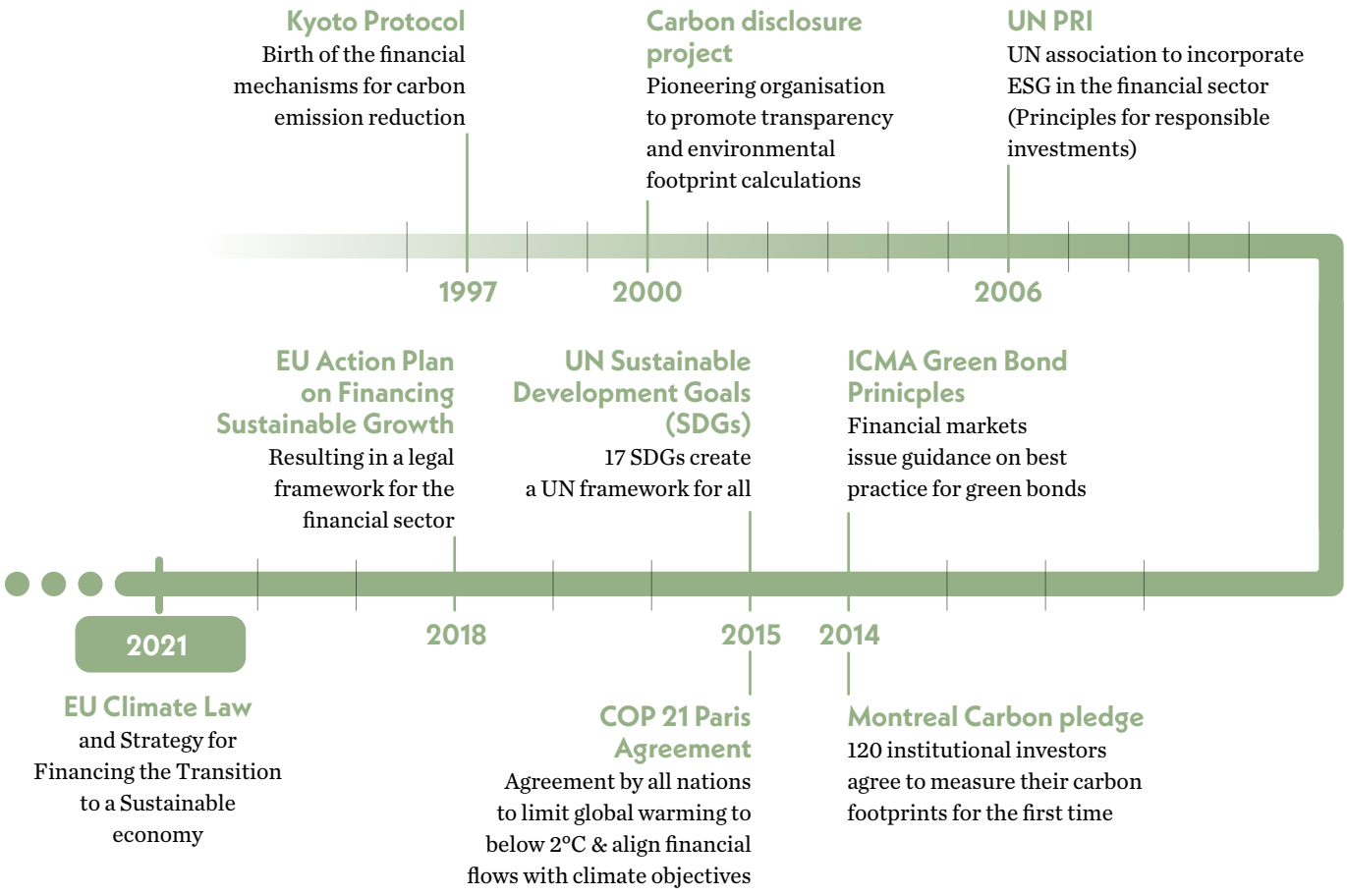
- Human rights
- Gender equality
- Product liability
- Stakeholder opposition
- Social opportunities



GOVERNANCE

- Corporate governance
- Corporate behaviour
- Executive remuneration
- Tax strategy

A timeline of the main actions in sustainable finance in recent history



Substantial investments from the private and public sector are financing a sustainable future and helping countries achieve their Sustainable Development Goals.



Luxembourg is determined to meet the Paris Agreement and UN Sustainable Development Goals. It has in place a comprehensive domestic sustainable finance agenda and meets its UN commitments, consistently contributing 1% of its GDP to development aid. Luxembourg has made the development of sustainable finance activities a top priority, as reiterated in the most recent coalition agreement in 2018.

As one of Europe's leading international financial centres, Luxembourg is today recognised as an ideal platform to assist companies, governments and investors around the world to meet their sustainable development targets.



Second green financial centre in the EU and among the top ten in the world (GGFI 2021)



Leading home for EU responsible investment funds



Largest Green Bond market in the world

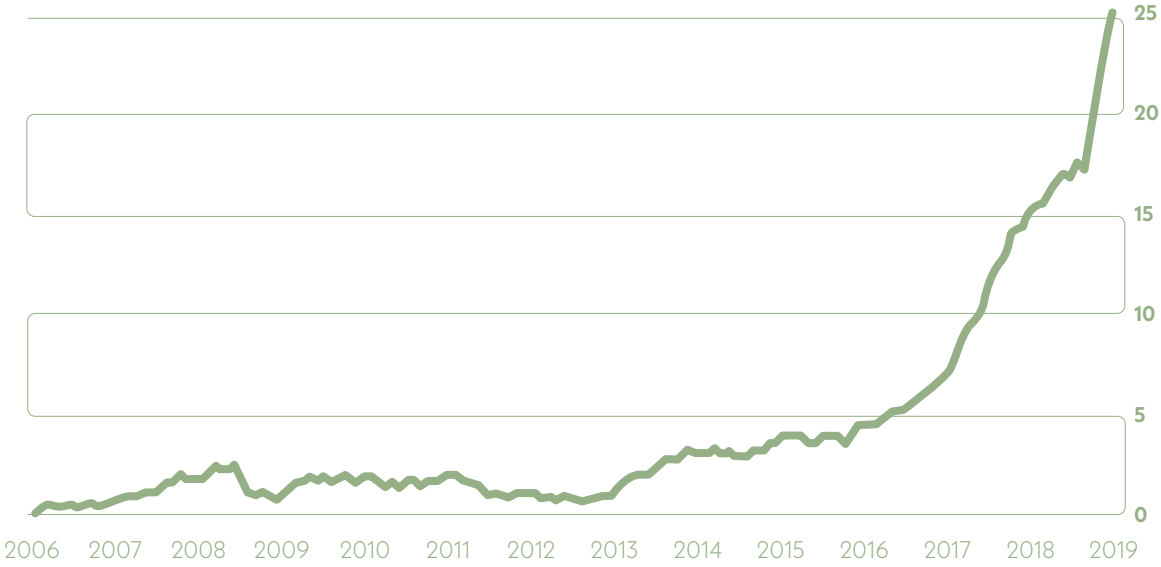
GLOBAL MARKET STATS

- $35.3 trillion of sustainable assets (Source: GSIA, 2020 data)
  - 34% of global sustainable investments are domiciled in Europe
  - 75% of global sustainable investments are held by institutional investors

It is currently estimated that only 1-2% of global financial assets can be considered sustainable. But, while it still remains a small segment of the world's financial services market, growth in ESG-based financial products has been remarkable in recent years.

Market trends show this is no passing fad: the transition towards environmentally sustainable activities and the broader integration of ESG values in financial services activities continues to accelerate and increase in intensity, driven by a generational shift, institutional client demand and the realisation by many during the Covid-19 crisis that our global economy is unsustainable.

Total assets in environmental, social and governance and socially responsible ETFs ($ bn)



Source: EPFR Global, 2020

All industries in the financial sector are increasingly getting involved in sustainable finance:

- **Banks** are financing companies and providing loans tied to sustainability criteria.
- **Asset Managers** are deploying capital in companies and projects that have a positive impact throughout all asset classes.
- **Capital Markets**: new sustainable asset indices and exchanges, as well as more companies issuing green and sustainable debt to finance projects and investments.
- **Insurers** are incorporating climate and sustainability risks into their business models.
- **Asset Owners** are using their equity voting rights on the boards of the companies they invest in.
- **Regulators** are setting up legal frameworks and guidelines to make sure sustainable finance becomes mainstream and to reduce instances of "greenwashing".
- **Data providers** provide ESG ratings and disclosures, and IT tools to support decision making.

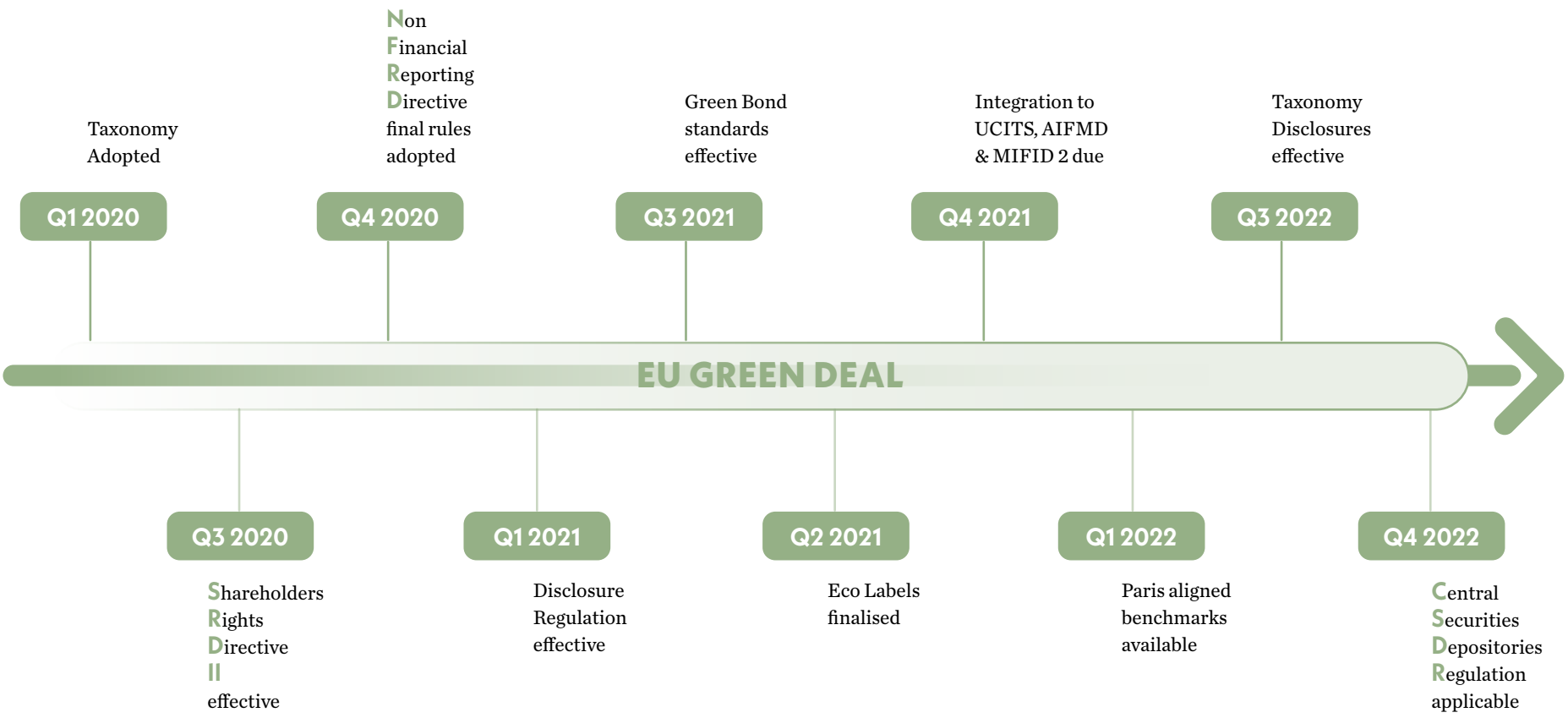
THE EU'S ESG REGULATION PROGRAMME

In recent years, the financial industry has developed instruments specifically designed to raise money for sustainable development. The European Union has pioneered many such legal and market practices, such as its Sustainable Finance Action Plan, and the EU Green Deal which includes:

- **The EU taxonomy**: a framework to facilitate sustainable investment by defining the criteria to determine the sustainability of economic activities.
- **Standards and labels**: the EU Commission has proposed a volontary EU Green Bond Standard and is exploring the development of an EU Ecolabel framework for certain financial products.
- A "**Climate Transition Benchmark**" and the "**EU Paris-aligned benchmark**" were developed. The underlying assets selected are weighted against the benchmark and can be excluded depending on the benchmark portfolio results so the benchmark-aligned porfolios reflect a path towards de-carbonisation and are aligned with the Paris Climate Agreement's long-term global warming targets.
- **Disclosures**: sustainability-related disclosures in the financial services sector, transparency obligations for the publication of sustainability information for any financial product sold in the EU.
- **The EU Climate Law**: to achieve climate-neutrality by 2050, and a collective net greenhouse gas emissions reduction target of at least 55% by 2030 compared to pre-industrial levels.

Upcoming European legislation is focusing on integrating ESG factors into existing financial laws.

EU ESG Regulations & legislation pipeline



THE LUXEMBOURG FINANCIAL CENTRE: THE INTERNATIONAL PLATFORM FOR SUSTAINABLE FINANCE

02

THE LUXEMBOURG FINANCIAL CENTRE: THE INTERNATIONAL PLATFORM FOR SUSTAINABLE FINANCE

LUXEMBOURG'S SUSTAINABLE FINANCE EXPERTISE

Luxembourg has been at the leading edge of these European developments, thanks to collaboration in the relevant EU working groups and in public consultation exercises involving the banking, investment fund and insurance industry associations.

But Luxembourg has also pioneered sustainable finance practices on its own account, thanks largely to close cooperation between the public, private, and civil society sectors. It has also built an ecosystem which is uniquely adapted to raising international capital for responsible investments. Furthermore, the country is home to the European Investment Bank (EIB), the world's largest green lender and an expert in public-private investment projects.

Luxembourg ranks among the world's top green financial centres in the latest Global Green Finance Index (GGFI) published in 2021, which measures how financial centres contribute to the creation of a more sustainable global economy. The Grand Duchy ranks sixth in terms of Green Finance depth and seventh in terms of the quality of its Green Finance services and products.

Being the global leader in cross-border investment funds, as well as a major FinTech centre with 125 international banks and over 500 asset managers, Luxembourg's role in international finance is clear. Luxembourg's cross-border centre of excellence is notably successful in wealth management, corporate banking, asset management and insurance.

Luxembourg's commitment to sustainable finance is strong:

- **The Luxembourg Stock Exchange**, home to the Luxembourg Green Exchange (LGX), has a leading global market share in green, social and sustainability bonds listed worldwide. LGX is the world's first platform dedicated exclusively to sustainable securities and a meeting place for issuers and investors.
- **The leading European sustainable investment funds domicile** Luxembourg is the European leader in sustainable investment funds, accounting for 34% of domiciled funds[2] which represents 32%[3] of all assets under management in European sustainable funds, and amounts to €371 bn at the end of 2020. Luxembourg also captured 44% of total net new sustainable investments made across all European domiciles in 2020[4].

[2] KPMG, 2019: "European Responsible Investing Fund market 2019"
[3-4] ALFI, 2021: "European Sustainable Investment Funds study 2021"

- **Home to LuxFLAG: a commitment to quality**
  Luxembourg is home to LuxFLAG, the pioneering finance-labelling agency, providing clarity and confidence to investors in sustainable assets. LuxFLAG labels around 354 financial products from asset managers in over 17 countries[5].
- **A leader in microfinance vehicles**
  Luxembourg has a history of commitment to the microfinance sector since the early 2000s and today, almost a third of global Microfinance Investment Vehicles (MIVs) are based in Luxembourg, accounting for more than 50% of the global AuM in MIVs.
- **Enabling philanthropy**
  The Fondation de Luxembourg, a public-private partnership gives a third-party facility for the establishment of private philanthropic foundations, providing advice and guidance to donors. Projects fall under one of five themes: health, social cohesion, diversity, universal education and climate change.
- **Helping others through financial knowledge transfer** Luxembourg hosts the ATTF-House of Training, which co-finances training programmes around the world, strengthening financial structures, capacity building, and supporting sustainable development in more than 40 markets.

LUXEMBOURG'S SUSTAINABLE FINANCE STRATEGY

Luxembourg has set up a coherent sustainable finance strategy to help globally leverage public and private sector investment. Each sub-industry of the financial sector is becoming increasingly active in sustainability: banks, asset managers, insurers, capital markets and FinTechs.

The Luxembourg Sustainable Finance Roadmap

In 2018, the Luxembourg government commissioned the UN Environment Programme Finance Initiative (UNEP FI) to work together on a plan to consolidate Luxembourg's existing expertise in sustainable finance as well as develop new innovative capabilities. This roadmap provides a common vision of how Luxembourg can achieve the objectives of the Paris Agreement and facilitate the financing of the Sustainable Development Goals around the world.

The roadmap was based on a broad consultation of Luxembourg's financial industry and civil society and makes recommendations on how to lay the foundations of a comprehensive and far-reaching sustainable finance strategy.

[5] LuxFLAG, 2020: "LuxFLAG News June 2021"

The Luxembourg Sustainable Finance Initiative

In 2020, a new national coordinating entity was created to drive forward the development of the local sustainable finance ecosystem and agenda, the Luxembourg Sustainable Finance Initiative (LSFI).

The LSFI is now building on the past work of the Climate Finance Task Force and implementing the national Roadmap's objectives. It will ensure that our financial centre continues to act as a responsible investment pioneer and that its members contribute to a better and more sustainable global economy.

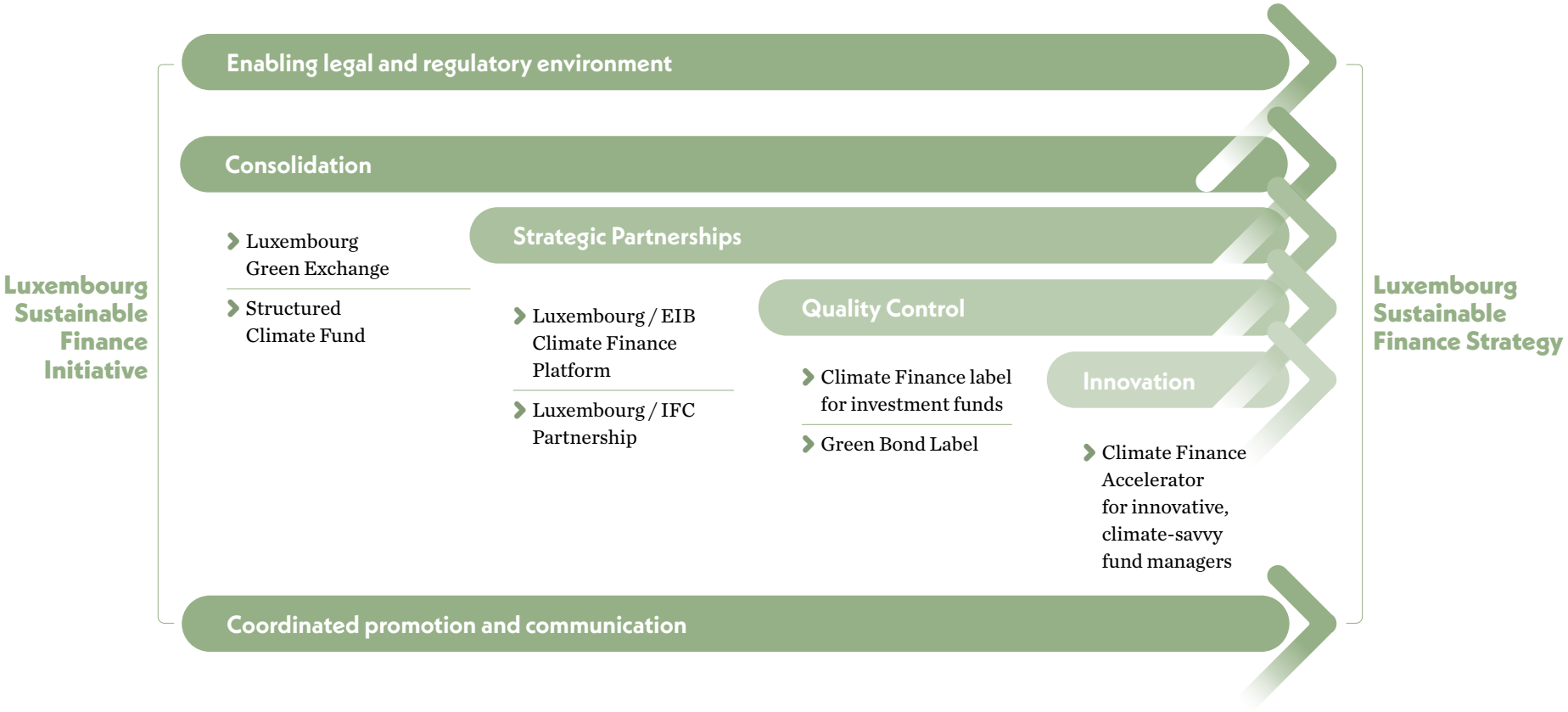
The LSFI's strategy is built on three key vectors:

- Awareness & Promotion
- Unlocking Potential
- Measuring Progress

"Luxembourg has a long standing knowhow in both micro and impact finance as well as in financial reporting. These strengths makes Luxembourg very well placed to take the lead on a key issue for the development of sustainable finance: Transparency i.e. granular, reliable and comparable sustainable data and appropriate reporting on investments. The practical work of the LSFI will clearly be focused on this topic."

Claire de Boursetty,
Managing Director of the
Luxembourg Sustainable Finance Initiative (LSFI)

LEVERAGING PRIVATE SECTOR INVESTMENT



KEY INITIATIVES AND ACHIEVEMENTS IN SUSTAINABLE FINANCE IN LUXEMBOURG

The Luxembourg Green Exchange

In 2016, the Luxembourg Stock Exchange launched the Luxembourg Green Exchange (LGX), the world's first platform exclusively dedicated to sustainable securities. Today, LGX is the reference platform for the world's sustainable bonds. LGX also features a section dedicated to Climate-Aligned Issuers, which highlights untapped investment opportunities in the broader universe of sustainable investments

Luxembourg-EIB Climate Finance Platform

The Luxembourg-EIB Climate Finance Platform, a joint project of the European Investment Bank (EIB) and the Luxembourg government, aims to mobilise investment for projects which will have a high impact in the fight against climate change. It is the first time the EIB has entered into such a partnership with a member state. The Luxembourg government is contributing €30 million as a first-loss guarantee to mitigate the risk for the private sector when co-investing in funds dedicated to climate change mitigation and adaptation.

Sustainable Finance Labels

LuxFLAG labels around 350 financial products from asset managers in over 16 countries and offers five different types of labels for ESG financial products. In 2016, the labelling agency launched a dedicated Climate Finance quality label to guarantee that investment funds focused on climate in the implementation of their investment policies. In the same spirit, the agency launched a specific Green Bond label in 2017.

UN Financial Centres for Sustainability (FC4S)

Luxembourg is a proud founding member and lead donor of the UN's network of Financial Centres for Sustainability (FC4S) and actively supports its work. These 30+ financial centres work on cooperative tasks and knowledge sharing, aiming to push the financial industry towards greater sustainability.

IFC / Amundi Planet Emerging Green One

As a strategic partner of the International Finance Corporation, the Luxembourg government contributes €6 million to the technical assistance facility of the Amundi Planet Emerging Green One, the largest green bond fund in the world. This Luxembourg-based investment fund targets green bonds issued by banks in developing countries and, at the same time, helps develop green bond policies, training programs and best practices in such markets through the technical support facility. The fund thereby deepens new green capital markets and facilitates the adoption of the Green Bond Principles across the globe.

The International Climate Finance Accelerator

The International Climate Finance Accelerator facility helps innovative fund managers specializing in climate action by offering various forms of support, including help in fund raising from institutional and public investors, as well as financial and operational support during the launch phase of a new fund structure.

The Luxembourg Sustainable Finance Roadmap

Drafted in partnership with UNEP, it establishes a comprehensive sustainable finance strategy, principally by leveraging Luxembourg's inherent strengths as an international financial centre, to contribute to Agenda 2020 and the objectives of the Paris Agreement.

First European country to launch a sustainability bond framework

Luxembourg became the first European country to launch a sustainability bond framework. It is also the first framework to comply with the new recommendations of the EU taxonomy for green financing, while also meeting the highest market standards (e.g., the ICMA Principles). The new framework is designed to comply with the draft European Green Bonds Standard (EU GBS) and will contribute to growing the sustainable bond market on a global scale.

The world's first legal framework for green covered bonds

The new law from 2018, created the world's first legal framework for covered bonds, a new instrument to finance facilities that generate re-newable energy. The law contains strict criteria relating to the purpose of the infrastructure financed and security for the banks providing the loans.

Inclusive Finance Network

InFiNe.lu builds on the former Luxembourg Microfinance Round Table, an informal initiative launched in 2004, set up to facilitate the dialogue on microfinance among a variety of state institutions, civil society organisations and financial firms.

Financial inclusion through FinTech

The Luxembourg House of Financial Technologies (the LHoFT), holds an annual training and networking bootcamp for Fintech companies from all over Africa, focusing on financial inclusion and building bridges between Africa and Europe.

The Luxembourg Sustainable Finance Initiative

In mid-2020, the Luxembourg government, together with civil society, launched the Luxembourg Sustainable Finance Initiative, an entity meant to coordinate the sustainable finance initiatives in Luxembourg while further implementing the Luxembourg Sustainable Finance Roadmap of 2018.

DEFINING CHARACTERISTICS OF THE LUXEMBOURG FINANCIAL CENTRE



Economic, political, social and financial stability



A state-of-the-art IT infrastructure specifically aimed at providing speed, security and reliability to the financial centre



Decades of experience in dealing with an international client base and serving clients on a cross-border basis



A culture of investor protection and rigorous anti-money laundering policies



A legal, regulatory and tax framework that caters to the specificities of all types of international finance



A strong working relationship between the public and private sectors

These factors have attracted banks, insurance companies, investment fund promoters, sovereign wealth funds, corporate banks and specialised service providers from all over the world, turning Luxembourg into a leading EU hub for international financial services and products.

4th **Ranks 4th** in Green Finance depth and 7th in Green Finance quality (GGFI 8)

TOP 5 **Among the Top 5** financial centres in the European Union (GFCI, 2021)

€5.5 Europe's **leading** investment fund centre, worth **€5.5** tn (September 2021) the **second largest investment fund centre in the world** after the United States

The world leader in the **cross border distribution** of **retail investment funds**
Source: PwC, 2021

AAA Consistently rated **AAA** by all major credit-rating agencies.

GDP growth above the EU average **+2.3%** in 2019

25.8% Very low public debt, **25.8%** of **GDP**

11th The most multilingual country in Europe **11th** worldwide for English proficiency

Premier international wealth management centre in the Eurozone

Home to Europe's leading international bond listing centre, the **Luxembourg Stock Exchange**

LUXEMBOURG STOCK EXCHANGE

THE GREEN BOND CAPITAL OF THE WORLD

03



THE GREEN BOND CAPITAL OF THE WORLD

One of the most widely used ways to raise money to tackle climate change is through international capital markets.

Governments and private entities regularly issue debt in the form of bonds to finance their projects. When such projects are linked to wider sustainable or social development, they are known as sustainable bonds.

Over the last decade, this sector has evolved rapidly to spawn specialized instruments such as:

- **green bonds**, issued to fund projects that have a positive environmental or climate impact.
- **social bonds**, focused activities and investments that directly address or mitigate a specific social problem and/or aim at positive social outcomes.
- **sustainable bonds**, mixing environmental and social objectives.
- **development finance bonds** (DFBs), issued by development finance institutions, such as the World Bank, to raise capital to support their initiatives.
- **impact bonds**, financing projects which produce a measurably positive impact on the economy, society or the environment.
- **microfinance bonds**, issued by microfinance institutions and social businesses to fund their ongoing operations.

Green bonds form the largest segment of sustainable bonds issued globally. However, social bonds are witnessing a significant increase in issuance and uptake, as companies and governments start to finance socially focused investments in response to the Covid-19 epidemic.

TYPES OF GREEN BONDS

Green bonds are fixed income instruments that raise money for activities with a climate-linked or environmental benefit. Variations of green bonds include “water bonds” or “blue bonds”, which raise capital for a sustainable economy of water management, or “forestry bonds”, which channel funds to projects creating viable alternative development strategies which avoid deforestation.

The world’s first green bond was issued by the European Investment Bank in 2007 and listed on the Luxembourg Stock Exchange. Green bonds have since been adopted in markets worldwide.

The green bond sector is still young, and the overall volume of the labelled universe remains just a fraction of what is required to make a substantial impact in the fight against climate change. Nevertheless, the green bond has perhaps the strongest growth potential in the sustainable finance sector, as raising capital through green bonds is both a versatile instrument for issuers and an easily understood one for investors.

Green bonds appeal to a wide range of investors and are a fast-growing market. Green bond issuers submit to public scrutiny of their business activities and, often, to third-party validation. The discipline that this engenders, combined with their ethical profile, makes green bonds popular with institutional investors, wealth managers, family offices and investors.

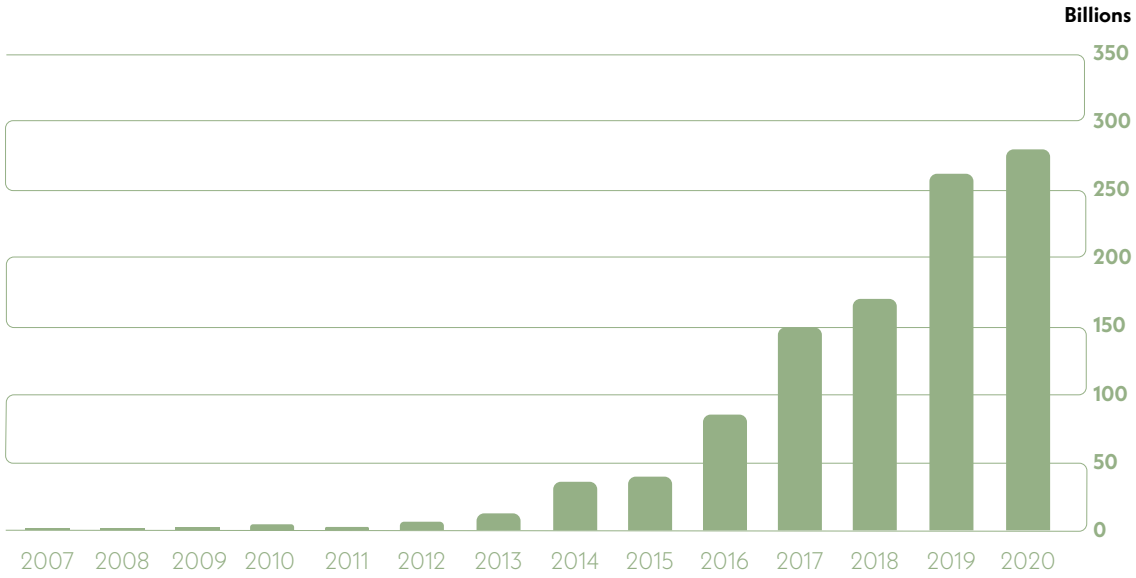
Issuers were initially limited to supranational and multilateral banks, but now the private sector is increasingly using this tool to raise money.

EXPLOSIVE GROWTH IN GREEN BONDS

The turning point in green bond market growth followed a significant increase in the number of corporate green bonds in 2013. By 2016, cumulative green bond issuance totaled $171 bn and rapidly increased to reach $269.5 bn[6] by the end of 2020.

Poland issued the first sovereign green bond in 2016 and decided to list it on the Luxembourg Stock Exchange. Today dozens of other international, supranational, national, as well as regional governments and government organisations list sustainable bonds in Luxembourg.

Steady growth in green bonds market (by year)



Source: Climate Bonds Initiative (2020)

[6] Climate Bonds Initiative (CBI), 2020

THE LUXEMBOURG GREEN EXCHANGE: THE WORLD'S FIRST PLATFORM FOR SUSTAINABLE SECURITIES

In 2016, the Luxembourg Stock Exchange launched a platform dedicated to green financial instruments – the Luxembourg Green Exchange (LGX), the only such platform of its kind worldwide, where issuers and investors can come together to fulfil their green objectives.

The trillions that are needed to fund low-emission projects represent an enormous investment opportunity, but for green assets to thrive a robust, reliable and transparent market infrastructure is needed. LGX is Luxembourg's answer to this need. All mandatory documents, including external reviews, are published on the LGX platform and are made available to investors free of charge so they can easily compare and analyse green investment opportunities.

A new window for social and sustainable bonds

In 2017, the LGX opened new segments for social and sustainability bonds, an industry estimated to be worth $31 trillion globally[7].

When the proceeds from an instrument are used exclusively to finance or refinance social projects, the bond will be displayed on LGX as a social security.

There are several broad categories of eligibility for such social projects that align with ICMA's Social Bond Principles (SBP):

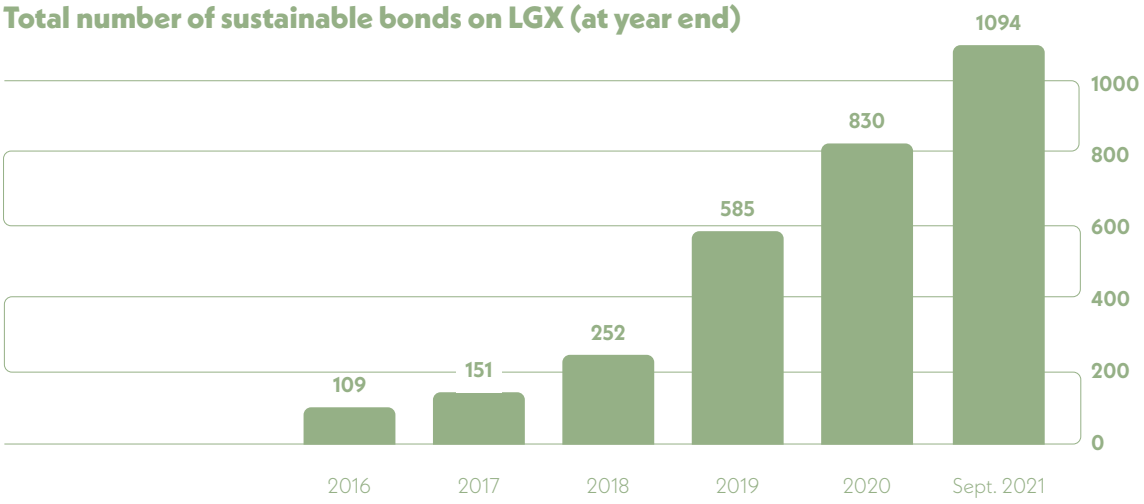
- Affordable basic infrastructure (e.g. clean drinking water, sewers, sanitation, transport and energy)
- Access to essential services (e.g. health, education and vocational training, healthcare, financial services)
- Affordable housing
- Employment generation, including through the potential effect of SME financing and microfinance
- Food security
- Socio-economic advancement and empowerment

The LGX social and sustainability bond windows enhance the visibility of social and sustainable projects so that investors can take informed decisions. The listing process is similar to that of green bonds: once a social or sustainability bond is listed on the Luxembourg Stock Exchange, the security may be eligible for LGX display. The issuers must commit to disclosing detailed information relating to the planned use of the proceeds and provide an ex-ante external review, as well as a post-issuance report presented at regular intervals throughout the lifespan of the security.

[7] Global Sustainable Investment Alliance, 2018

One of the first social bonds to be displayed on the LGX since the launch of the dedicated window was a €300mn issue by the Austrian issuer Kommunalkredit to finance education, healthcare and social housing.

Total number of sustainable bonds on LGX (at year end)



Sustainable bonds include green, social, sustainability and sustainability-linked bonds.

Source: Luxembourg Green Exchange 2021

As of end September 2021, LGX displays around 1100 securities in total:

- 379 **sustainability bonds**, with a market value of €180 bn
- 91 **social bonds**, with a market value of €130 bn in total
- 603 **green bonds**, with a market value of €241 bn in total

With close to 1 100 sustainable bonds raising more than €570 bn for green and social projects and sustainable development across the world, LGX is the reference platform for sustainable securities[8].

[8] Luxembourg Stock Exchange 2021

The Luxembourg Stock Exchange (LuxSE) is the world leader in the listing of international debt securities:

- the largest bond-listing centre in Europe;
- has contributed actively to the development of the international capital markets over the last 50 years;
- strong culture of servicing international issuers;
- provides a high level of transparency, increasing visibility to investors;
- one of the largest capital markets in the world, listing 37,000 securities in 66 currencies, on behalf of around 2,000 clients including 120 sovereign, supranational and agency (SSA) issuers;
- competitive in terms of speed, transparency, value for money and post-listing services, listing 99% of all securities in less than two days.



"LuxSE is the biggest stock exchange for international bonds in Europe, and a very innovative one. The recent implementation of the Green Exchange is a proof of an open-minded approach towards the needs of financial markets. On top of that, we received strong recommendations from market participants to list there."

Piotr Nowak,
Poland's Deputy Minister of Finance

CONNECTING GREEN BOND MARKETS

China has entered the green bond market on a grand scale and is today the second largest green bond market in the world, accounting for $58.8 bn of green issuance by December 2019[9].

Luxembourg is a gateway for Chinese issuers to tap European markets. For example, Bank of China was the first Chinese issuer to choose Luxembourg to list its pioneer multi-tranche, multi-currency green bond.

Furthermore, in 2017 the Luxembourg Stock Exchange (LuxSE) partnered with two of the most important Chinese Stock Exchanges, the Shenzhen Stock Exchange (SZSE) and the Shanghai Stock Exchange (SSE). These partnerships helped launch the green bond index series, which provides the first synchronous display of quotes for green bonds listed in China and Europe, the world's two largest green bond markets.

The Green Bond Index Series (LuxSE & SZSE), the SSE Green Corporate Bond Index (LuxSE & SSE), and the SSE Green Bond Index (LuxSE & SSE) now act as market benchmarks and investment tools bridging the gap between Europe and China. Furthermore, they help attract foreign investments into China's green financial system and provide greater transparency in green securities.

In 2018, the LuxSE launched a Green Bond Channel in partnership with the Shanghai Stock Exchange, focusing on providing key information in English on Chinese green bonds to offshore investors. The service bridges an important information gap and supports the further mobilisation of demand from international investors. This enhanced visibility exposes issuers to a significantly wider segment of potential investors and a deeper pool of investment capital. LuxSE also extended the same display service to the Chinese Interbank Market (CIBM) and listed the first bond from a Chinese policy bank, the Agriculture Development Bank of China (ADBC).



[9] China Green Bond market, CBI, 2019 data

GREEN BOND CRITERIA

The green bond market does not yet have a single set of globally agreed criteria, but the leading markets involved in the sector are working to produce internationally agreed rules. Two sets of standards are widely followed by issuers and investors alike.

The International Capital Market Association (ICMA) publishes a set of voluntary Green Bond Principles (GBP) focused on enhancing transparency and promoting integrity. These are widely used by green bond issuers. A further set of best practice recommendations, the Climate Bonds Standard, is published by the Climate Bonds Initiative (CBI), which tracks self-labelled Green Bonds which have been issued since 2007.

The Luxembourg Stock Exchange recognises in the ICMA's Green Bond Principles, the CBI's Climate Bonds Standard (for green bonds), ICMA's Social Bond Principles (SBP), the Sustainability Bond Guidelines (SBG), and People's Bank of China Green Bond Endorse Project Catalogue.

In July 2018, Luxembourg established the world's first legal framework for green covered bonds, a new type of covered bond to finance the generation of renewable energy. This is the first such legislation introduced anywhere in the world and underlines the country's determination to driving forward global innovation in sustainable finance.

"Finance needs to be at the heart of the solution to our global challenges. If we are to reach the UN Sustainable Development Goals and curb climate change, we need to make finance sustainable by default.

I am convinced that, together, we can transform finance and accelerate the transition to a low-carbon and more inclusive economy."

Julie Becker,
CEO of the Luxembourg Stock Exchange
and Founder of the Luxembourg Green Exchange.

CASE STUDY: EU BRINGS WORLD'S LARGEST GREEN BOND TO LUXEMBOURG

In October 2021, the Luxembourg Stock Exchange marked the listing of the European Commission's inaugural green bond. The €12 bn bond is the world's largest green bond issued to date and the first of what could amount to €250 bn worth of green bonds to be issued by the European Commission from 2021 to 2026. With its ambitious green bond agenda, the European Commission is likely to become the world's largest green bond issuer, cementing Europe's position as the leading region for sustainable finance.

The 15-year green bond was met with overwhelming response from investors and was 11 times oversubscribed, with demands exceeding €135 bn. This marks the largest green bond orderbook ever in global capital markets. A wide range of investors expressed interest in the bond. The green bond is governed by Luxembourg law and displayed on the Luxembourg Green Exchange (LGX), the award-winning platform for sustainable securities.

NextGenerationEU

This green bond is issued under the NextGenerationEU programme, a temporary recovery instrument whose goal is to support Europe's recovery from the coronavirus pandemic and help build a greener, more digital and more resilient Europe. To finance NextGenerationEU, the European Commission will raise up to €800 bn in green and conventional bonds on capital markets by the end of 2026.

In September 2021, the European Commission put forward its NextGenerationEU Green Bond Framework, which is fully compliant with ICMA's Green Bond Principles and reviewed by a second party opinion provider, Vigeo Eiris, part of Moody's ESG Solutions. Under the framework, the European Commission provides detailed assurance on investing green bond proceeds into the green transition and will provide both best-practices allocation and impact reports to investors. The funds raised by the green bond will be used to finance green and sustainable investments in EU Member States.

In October 2020, the European Commission adopted its Social Bond Framework. Since then, the European Commission has issued €89.6 bn worth of social bonds under the EU SURE programme, to protect jobs and workers across Europe. The entirety of these social bonds are listed on LuxSE and displayed on LGX.

EUROPE'S LEADING SUSTAINABLE INVESTMENT FUNDS HUB

04

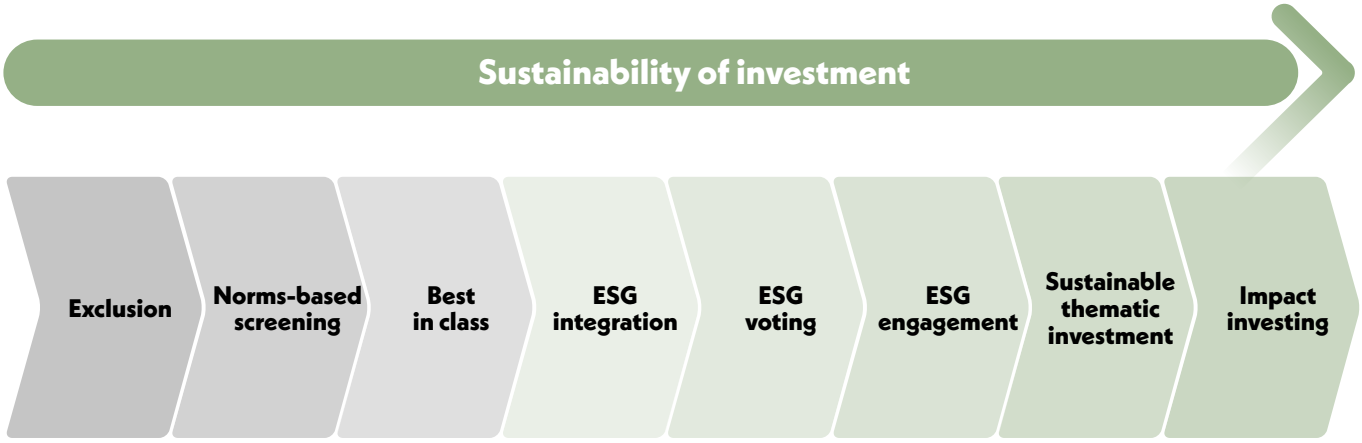


EUROPE'S LEADING SUSTAINABLE INVESTMENT FUNDS HUB

Sustainable investment, often also referred to as responsible investment, incorporates environmental, social and governance (ESG) criteria into investment and business decisions in order to better manage risk and generate sustainable, long-term returns.

Any collective investment that employs non-financial screening to a portfolio of securities can be considered as a responsible investment. A wide range of sustainable investment products exist, ranging from simple exclusion-based products, all the way to pure impact-investing ones.

Categorisation of sustainable investment approaches



Exclusion	Norms-based screening	Best in class	ESG integration	ESG voting	ESG engagement	Sustainable thematic investment	Impact investing
Excluding assets based on certain criteria not to be invested in (e.g., weapons, tobacco, corruption, human rights)	Screening investments against minimum standards	Focus on a company's ESG performance in comparison with its peers	Systematic inclusion of ESG risks in investment analysis and decisions	Actively exercising voting rights based on ESG principles	Actively convincing management to incorporate ESG risks and performance in their businesses	Investing only in companies contributing to sustainable development	Investments generate a measurable beneficial ESG impact alongside a financial return

WHY INVEST IN SUSTAINABLE FUNDS?

Sustainable funds can be more profitable

More and more researches show that sustainable investments can outperform compared with traditional indices such as operational performance, strategy or economic return over the long term. It therefore makes business sense to ensure that capital is invested in sustainable assets over the long term.

Sustainable funds are more resilient

Sustainable investment funds have also demonstrated greater resilience than conventional investment funds, Research undertaken by Morningstar in 2020 shows that 70% of sustainable funds survived the past ten years and remain available to investors, while only 45.9% of traditional funds stood the test of time over the same period.

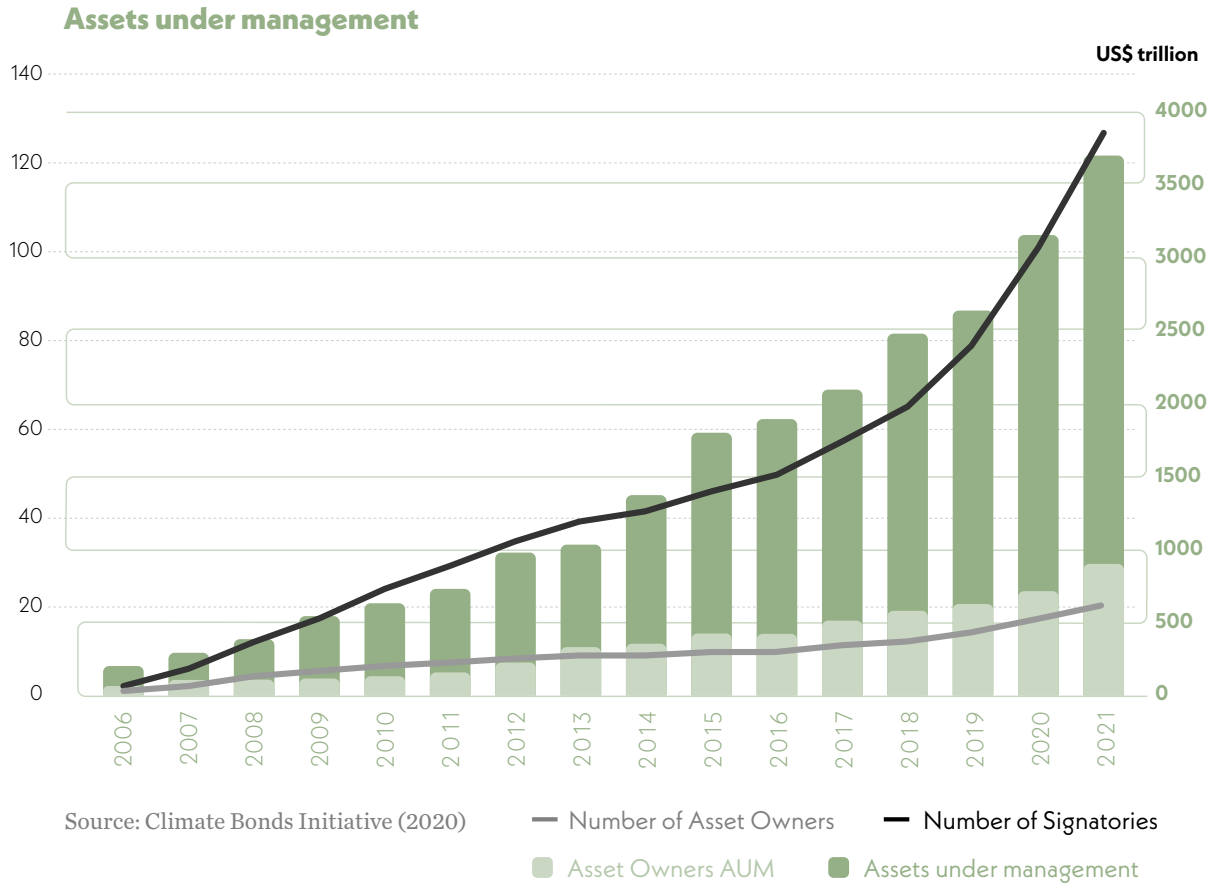
THE MARKET DEMAND FOR SUSTAINABILITY

The 2008/2009 financial crisis acted as a catalyst for sustainable investing: During the crisis years, turmoil in the financial markets encouraged many investors to adopt longer-term thinking in their investment behaviour. This developed into a global phenomenon, as pension funds and other institutional investors were instructed by their own boards to include ESG criteria in their investment policies. The market for responsible investment funds has continued to grow, reaching €496 bn in June 2019[10]. The Covid-19 crisis has also put a question mark over the sustainability of our economic growth model, while more and more investors are demanding products with a positive impact.

54% of investors wish to positively impact society & planet through sustainable investments (Schroders, 2021)

As of April 2021, over 3,800 asset owners, investment managers, and service providers have signed up to the voluntary UN Principles for Responsible Investing, which encourage both screening and corporate engagement.

[10] KPMG Sustainable Investing Survey 2019



Source: Climate Bonds Initiative (2020)

Over the long term, it can be expected that the broadly invested ESG fund universe and the market as a whole will slowly converge, as fund managers apply ESG values across all their product range.

Sustainable finance investment funds are becoming increasingly specialised, in areas such as:

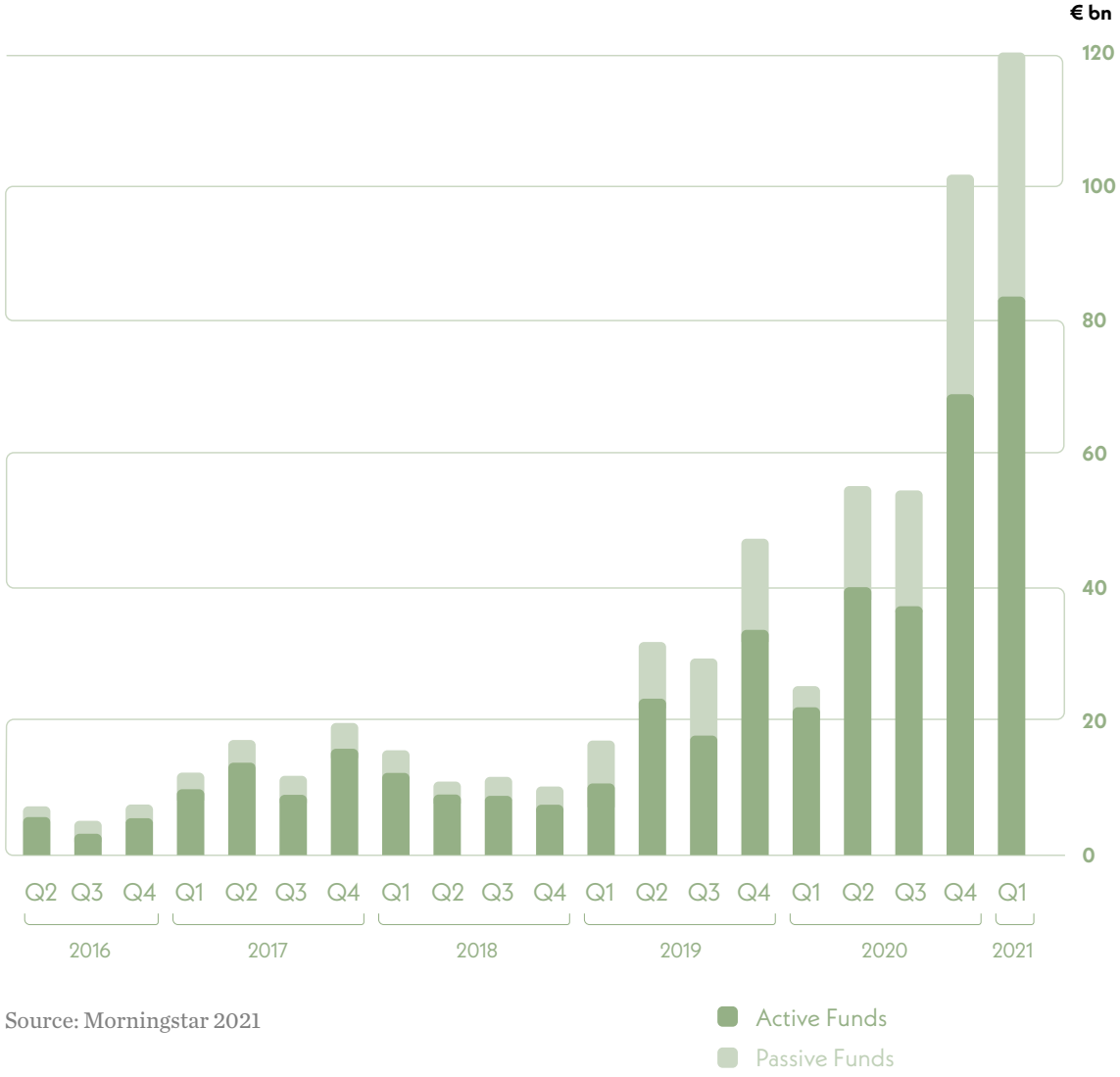
- **ESG**: a rapidly growing body of investment funds, actively managed to meet a specific ESG sector target.
- **Climate finance**: where invested assets have a clear and direct link to mitigation and/or adaptation of climate change or related transversal activities.
- **Impact**: which differ from other responsible investment funds because they have a formal, quantifiable non-profit objective. Whereas the target of most ESG funds is to "do no harm", by avoiding certain investments, an impact fund seeks to "do good".

Sustainable investments are characterised by a robust and transparent investment rationale that appeals to institutional and wealth management clients. Such investments require expert knowledge on the investment side and specialised skills on the part of the fund administrator and custodian.

EUROPEAN SUSTAINABLE INVESTMENT FUNDS EVOLUTION

With 32%, Luxembourg has the leading European market share of ESG funds assets and 44% market share of total European ESG net flows[11].

Quarterly European Sustainable Fund Flows



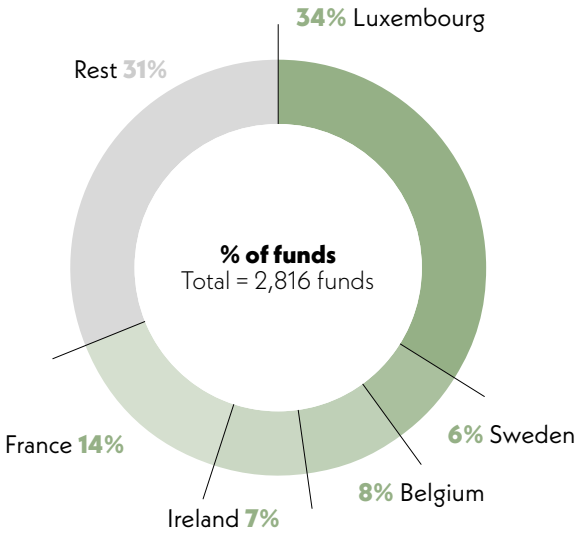
Source: Morningstar 2021

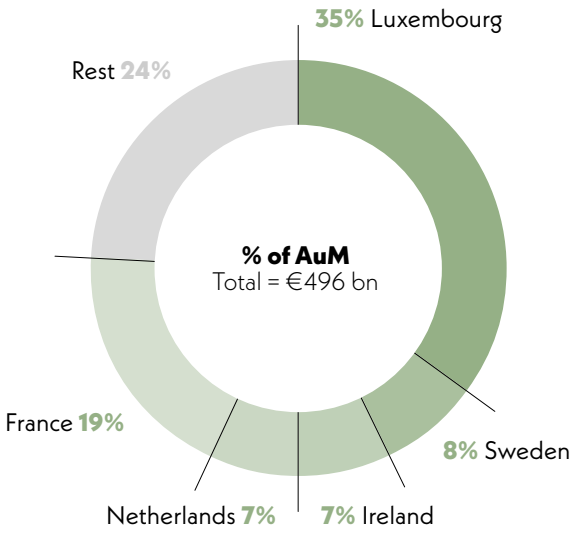
[11] KPMG 2019 and ALFI 2021

EUROPEAN SUSTAINABLE INVESTMENT BY DOMICILE

In terms of underlying ESG strategies, Luxembourg has the leading European market share of investment funds in each of the underlying strategies[12]:

- environment strategies, accounting for 38% of funds and 57% of assets under management;
- social strategies, accounting for 34% of funds and 36% of assets under management.





Source: KPMG European Responsible Investing Survey 2019

[12] KPMG/European Sustainable Investing Funds market

CASE STUDY: IFC / AMUNDI PLANET EMERGING GREEN ONE

Amundi, Europe's largest asset manager, launched the world's largest green-bond fund dedicated to emerging markets in 2017, the IFC / Amundi Planet Emerging Green One - with the involvement of the International Finance Corporation (IFC), the World Bank's private sector investment arm.

The $2 bn-target fixed income fund invests in green bonds issued by banks in Africa, Asia, the Middle East, Latin America, Eastern Europe and Central Asia. Green bonds are used to raise funds for projects that help tackle environmental problems, such as renewable energy, energy efficiency and waste management.

The fund, which uses a layered structure, is based in Luxembourg and aims to be fully invested in green bonds within seven years.

Luxembourg has been chosen as a jurisdiction to base the fund due to its well- developed framework of rules and regulations, the country's international reputation as a pre-eminent onshore jurisdiction for structuring funds and deals, as well as the fact that it is home to the Luxembourg Stock Exchange, a leading international bond market.

The IFC is one of the world's largest financiers of climate-smart projects for developing countries, providing financing over the last decade for renewable power, energy efficiency, sustainable agriculture, green buildings and private sector adaptation to climate change.

A committed player, Amundi has made responsible finance one of the four pillars of its growth strategy and puts its expertise at the service of sustainable performance.

Luxembourg has a long history of promoting sustainable investment innovations. This includes private sector initiatives, such as the incubator and information exchanges run by "European Impact Investing Luxembourg" (EIIL), which acts as an information exchange between stakeholders in the impact investing space and the "Luxembourg Impact Investing Platform" (LIIP), an accelerator for small but promising funds during their first years of operation.

A fund accelerator dedicated to climate finance

In order to support new and innovative asset managers in launching projects to mitigate or manage the effects of climate change, the Luxembourg government, together with key industry players, is setting up the International Climate Finance Accelerator (ICFA). The Accelerator offers various forms of support, including help raising funds from institutional and public investors, as well as financial and operational support during a fund's launch phase.

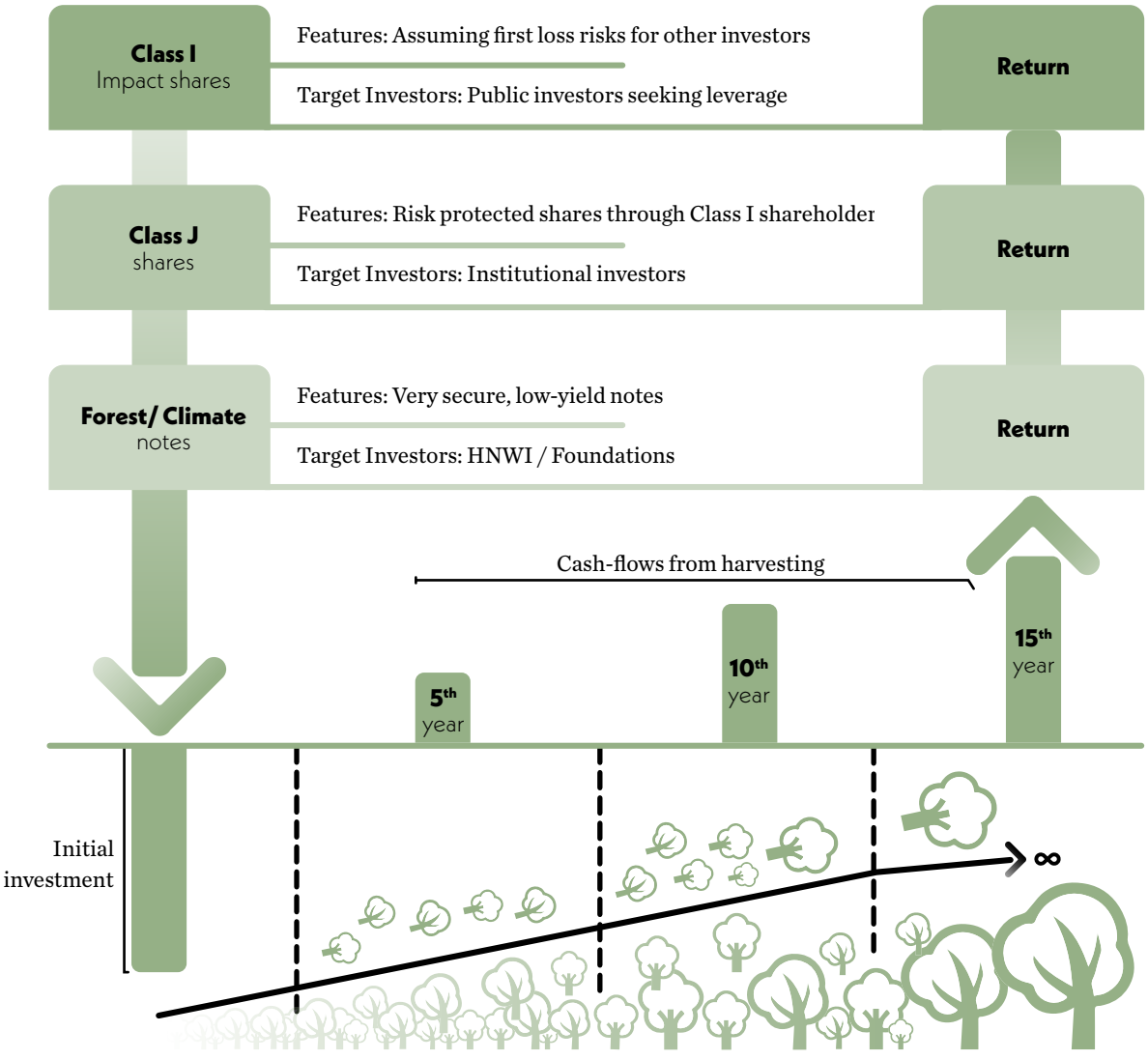
HOW DO LAYERED FUNDS WORK?

A practical example is the Forestry and Climate Change Fund, which aims to reduce carbon emissions by investing in the sustainable management of secondary and degraded forest.

Layered funds in Luxembourg – An ideal way to raise public & private finance for sustainable projects

Among the most successful developments in the Luxembourg sustainable finance sector is the "layered fund" structure, where risks and rewards are differentiated according to the type of shareholder, typically defined as retail, professional and foundation shareholders. This allows for the issuance of shares and notes with different characteristics, according to the needs of each type of 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 investment and so assures that the fund is large enough to achieve its mandate.

Forestry and Climate Change Fund



Sustainable Management of Secondary and Degraded Forests

The Luxembourg-EIB Climate Finance Platform

Layered funds were pioneered by the European Investment Bank (EIB), which recently collaborated with the Luxembourg government to create the Luxembourg-EIB Climate Finance Platform. This aims to mobilise investment in projects which will have a significant impact in the fight against climate change. The Platform marks the first time that the EIB has entered into such a partnership with a member state. The Luxembourg government contributes €30 million as a first loss guarantee to mitigate the risk for private sector actors when co-investing in funds dedicated to climate change mitigation and adaptation. The EIB's decision to use Luxembourg structures for some of their most complex and innovative funds has stimulated product development in the Grand Duchy.

The Forestry and Climate Change Fund is a compartment of the Luxembourg Microfinance Development Fund (LMDF), an umbrella fund that employs a layered structure to attract retail and institutional investors from the private sector.

Investing for impact through Luxembourg vehicles

Impact investment projects seek to "do good", financing one or more specific projects, whether directly (project finance) or indirectly (such as through dividend splitting) with the financial return linked directly to social performance. In most cases profits will not be distributed unless the performance indicators have been met.

Luxembourg is a leader in microfinance funds in Europe, an important subset of the impact investment market. Over 60%[13] of assets in European microfinance investment vehicles are domiciled in the Grand Duchy (see chapter 5).

Luxembourg structures have also been at the forefront of the overall impact investing market, with 67% of assets under management in the sector domiciled in Luxembourg[14].

Impact investments require expert knowledge at the investment end and specialised skills on the part of service providers, such as the administrator and the custodian. Many service providers in Luxembourg offer impact investment services, including some pure impact consultancies such as "Innpact", a Luxembourg specialised impact consultancy company that has developed state-of-the-art advisory services on the setting-up of layered investment funds for impact sectors, such as climate finance, land degradation, and sustainable agriculture and forests.

Luxembourg also has existing umbrella fund structures, which provide impact expertise. This type of structure provides asset managers with dedicated impact advisors, impact committees, and impact measurement consultants.

Example of an umbrella fund platform[15]

Luxembourg is also host to some of the largest and most advanced climate funds, which also regularly benefit from layered fund structures.

Fighting climate change through Luxembourg climate finance investment funds

Many Luxembourg climate change funds are public-private partnerships, providing a platform that unites different parties in a common goal, using the layered fund principle. Many large public-private partnerships active in climate finance are based in Luxembourg, such as: the EIB-Luxembourg Climate Finance Platform, the Green for Growth Fund or the Global Climate Partnership. They tend to use public money as a multiplier to raise private capital. Projects accepted receive seed funding from public entities, (such as national and supranational institutions) as well as technical advice.

[13 - 14] Symbiotics - CGAP

[15] KPMG European Responsible Investing Funds Survey 2015

CASE STUDY: THE GLOBAL CLIMATE PARTNERSHIP FUND

The Global Climate Partnership Fund (GCPF) is a Luxembourg public-private partnership fund that aims to deliver greenhouse gas emissions savings and support local development in emerging and developing economies around the globe. The fund is domiciled in Luxembourg, and is structured as a Luxembourg SICAV-SIF using a layered fund structure, with a Swiss investment manager (responsAbility Investments AG). It has public investors, including notably the International Finance Corporation and government branches of Germany, the UK, the Netherlands, Austria and Denmark.

GCPF primarily provides financing to or through local financial institutions in order to promote energy efficiency and renewable energy on-lending to small and medium-sized enterprises as well as to private households. To a limited extent, the fund also invests directly in renewable energy projects. One of the main objectives of the fund is to mobilize private capital by using public capital as a risk cushion.

Launched in 2010, GCPF has raised $667 bn in committed capital and invested over $484 bn through 29 partner institutions in 25 countries. To date, it has funded projects that account for a reduction of 13 million tons of CO2 emissions, or an average of 46% per project.

Director, responsAbility Management Company S.A.

A FLEXIBLE FUND TOOLBOX AT THE DISPOSAL OF THE SUSTAINABLE INVESTMENT SECTOR

Over the years, the Grand Duchy has developed a set of comprehensive investment fund tools. This toolbox is one of the defining strengths of the financial centre, enabling promoters to create the precise structure they need, tailored to the nature of the investment and the target investors.

All Luxembourg investment funds can be used for sustainable finance, whether they are regulated retail funds or professional investment funds. Similarly, all may benefit from EEA marketing passports and can be structured as an umbrella fund, with multiple compartments, each with different investment strategies and separate profit-and-loss accounts.

The most popular investment fund structures in Luxembourg are:

- **UCITS**[16], mainly oriented towards retail investors and highly regulated;
- the **SIF**[17], which provides an operationally flexible and fiscally efficient multi-purpose vehicle that can be used for all asset classes;
- the **SICAR**[18], which is specifically designed for private equity investment and venture capital;
- the **UCI**[19] **Part II**, a flexible but more regulated pooled vehicle;
- the **RAIF**[20], a fast time-to-market vehicle, which is regulated via the fund manager.

Structures commonly used for funds with an ESG overlay are UCITS and SIF.

In general, Luxembourg funds may be structured as: a public limited company (SA), a private limited company (S.à r.l.), a partnership limited by shares (SCA), a limited partnership (SCS), a special limited partnership (SCSp), or a common investment fund (FCP). For more information on the Luxembourg investment funds available for sustainable finance, please see the publications of the Association of the Luxembourg Fund Industry (ALFI).

Luxembourg UCITS benefit from a global network of sales agreements that make this product ideal for companies seeking international distribution.

Several other sustainable investment fund structures have been introduced as pan-European initiatives:

- **ELTIF**, the long-term investment fund, which is normally a closed end fund designed to channel capital into companies and encourage long-term saving. Any EU Alternative Investment Fund (AIF) can apply for the "ELTIF" label;
- **EuSEF**, the EU Social Enterprise Fund, is designed for European social impact projects;
- **EuVECA**, the EU Venture Capital fund, is designed for European venture capital projects.

Luxembourg's regulator, the CSSF, is highly experienced and has a reputation for pragmatism and responsiveness when it comes to the industry's evolving needs, while exercising strict oversight and protecting investors. The CSSF is accustomed to working in English, French, and German.

[16] Undertaking for Collective Investment in Transferable Securities: the standardised EU retail fund
[17] Specialized Investment Funds
[18] Investment Company in Risk Capital
[19] Undertaking for Collective Investments
[20] Reserved Alternative Investment Fund

FINANCE LABELLING: A COMMITMENT TO QUALITY

05



FINANCE LABELLING: A COMMITMENT TO QUALITY

Transparency nurtures the trust that is vital to the growth of the sustainable finance sector. Product labelling increases transparency and fosters confidence. Labels provide reassurance that any given investment does exactly what it says on the tin. Luxembourg fund labels are based on clear, published criteria and a high level of transparency.

Thanks to the momentum following COP21 in 2015, there was a proliferation of ESG principles and label promotions around Europe. The UN Principles for Responsible Investment enjoy the highest profile of these, with over 3,000 companies having signed up, if on a self-declared basis.

The Luxembourg Finance Labelling Agency (LuxFLAG) is an independent, non-profit association created in Luxembourg in 2006, which applies a rigorous and high-quality labelling process. The agency aims to promote transparency in the raising of capital for the Responsible Investment sector by awarding a recognisable label to investment vehicles which comply with pre-defined eligibility criteria. These labels reassure investors that a labelled investment vehicle invests, directly or indirectly, in the responsible investment sector. The applicant may be domiciled in any jurisdiction that is subject to a level of national supervision equivalent to that prevailing in European Union countries.

LuxFLAG labels stand out because they are subject to independent expert assessment by a qualified eligibility committee and because they have earned recognition around the world through Luxembourg's global distribution business. LuxFLAG grants five distinct labels: Microfinance, Environment, ESG, Climate Finance and the most recent addition, a label for Green Bonds.

As of December 2021, 365 investment products boasted LuxFLAG labels. These products are domiciled in ten jurisdictions, from promoters from 16 countries.

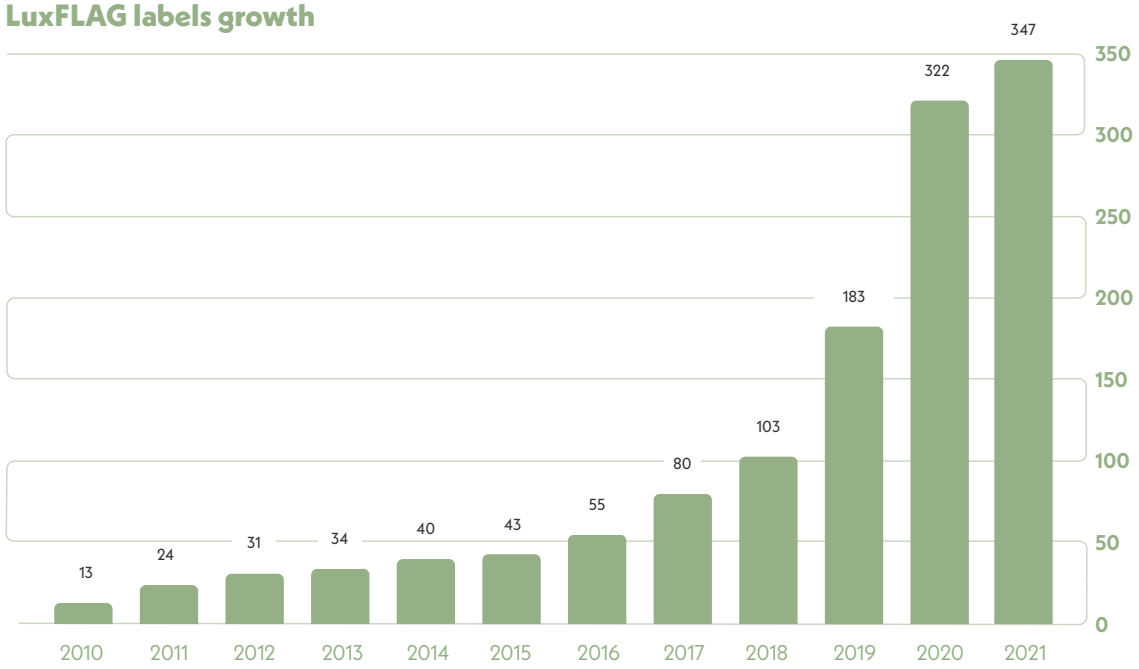
LABEL	Target funds	Principal portfolio criteria [21]
Microfinance	MIVs of all types	50% of assets must be invested in microfinance and 25% of that portfolio must be invested in MFIs rated by an independent microfinance rating agency, or regulated by a competent local authority.
ESG	Any investment fund regardless of the sector	The fund must integrate ESG screening in its investment process and apply it to 100% of the portfolio.
Environment	Funds that focus on the environment	75% of assets must be invested in companies that generate >20% of turnover from environment-related sectors.
Climate Finance	Impact funds that actively contribute to the Paris Climate target	75% of assets must be invested in activities with a direct link to mitigation of and/or adaptation to climate change, according to tightly defined rules.
Green Bond	Bonds investing in Green projects.	The applicant must utilise 100% of its proceeds for investing in one of the broad categories of potential eligible Green Projects recognised by LuxFLAG.

[21] See www.luxflag.org for a full explantation

"With the LuxFLAG label, OFI's fund meets the best sustainable standard and extends the perspective of international development and distribution, the LuxFLAG label being independent and internationally acknowledged."

Eric Van Labeck,
Head of SRI research and development,
OFI Asset Managment

LuxFLAG labels growth



Source: LuxFLAG

"The Climate Change Label will help us to get the message through that our fund is entirely about investing into companies which are environmental companies. Investors see this as a credible flag that they associate with accredited green funds. We hope the same levels of criteria needed for this label become a universal standard."

Karin Hirn,
Partner, East Capital

MICROFINANCE: FACILITATING FINANCIAL INCLUSION

06



MICROFINANCE: FACILITATING FINANCIAL INCLUSION

Microfinance is a form of impact investing that exists in its own right and is the driving force behind a global industry. The focus of that industry is Inclusive Finance: the provision of financial goods and services to the unbanked.

Luxembourg has a history of commitment to the microfinance sector. Indeed, this has been one of the main vehicles for the disbursement of Luxembourg's overseas development aid.

Over 25 years ago ADA (*Appui au Développement Autonome*) was launched in Luxembourg, an organization dedicated to reducing poverty by providing the populations concerned, mainly micro and small entrepreneurs, with responsible financial and technical solutions adapted to their needs. ADA acts as a catalyst to generate, identify, develop and implement solutions that facilitate inclusive development.

In 2019, with support from ADA, 33 MFIs and one FinTech offered a new financial product or service (microinsurance, agricultural loans, green loans, savings, individual productive loans, youth loans, and loans for housing, water or sanitation) for a total of 76,420 beneficiaries (including 67,694 beneficiaries of a microinsurance product). Some 8,221 beneficiaries also received non-financial support.

The not-for-profit association Inclusive Finance Network Luxembourg Asbl (InFiNe.lu) is also hosted in Luxembourg and brings together public, private, and civil society actors involved in inclusive finance. The value of InFiNe.lu lies in the wide expertise of its diverse membership. The Government played a key role in setting up InFiNe.lu, understanding early on the importance of financial inclusion for sustainable development, and making it a cross sectoral part of its international development programme.

Luxembourg was also the founding member of the European Microfinance Platform (e-MFP). With over 130 members, e-MFP is the leading network of European organizations and individuals active in the microfinance/financial inclusion sector in developing countries. The Platform fosters activities which increase global access to inclusive financial services for the un(der) banked by encouraging knowledge sharing, partnership development and innovation. e-MFP also organises the annual European Microfinance Week which attracts over 400 industry stakeholders to Luxembourg and during which the prestigious annual European Microfinance Award is presented.

The annual European Microfinance Award, which is worth €100,000, is funded by the

Luxembourg government. Forty-three MFIs from 32 countries have entered applications for the 2021 award; they will compete on the theme "Inclusive Finance and Health Care".

In the ten years following 2006, assets under management in microfinance investment vehicles (MIV) grew fivefold from $2 bn to $11 bn in 2015 – an annual compound growth rate of 20%. By December 2015, Luxembourg funds accounted for 61% of MIV assets, up from 44% in 2006, thanks to the success of funds with the widest international distribution: 11 MIVs with assets of over $250 mn represent 62% of assets[22].

As at the end of June 2020, there are over $8.8 bn in Microfinance fund assets in Luxembourg.

Microfinance in Luxembourg

Several microfinance institutions are active in Luxembourg. Two of the oldest are Etika, founded in 1996, and the Spuerkeess ethical savings account.

More recent initiatives providing capital and technical assistance include:

- **Microlux**, a joint venture that supports microenterprises not eligible for traditional banking credit;
- **1,2,3,Go**, a programme dedicated to early-stage entrepreneurs generating a social/environment impact;
- **6zero1**, a joint venture between the government and a royal foundation that sponsors social entrepreneurs.

The National Institute for Sustainable Development and Corporate Social Responsibility (INDR) was launched in 2007 by the Luxembourg employers' organisation (UEL). The institute sets a national standard for corporate social responsibility and helps companies to monitor their profile and so enhance their performance.

The Luxembourg House of Financial Technologies (LHoFT) also runs an annual programme called CATAPULT: Inclusion Africa, which targets companies focused on financial inclusion in Africa, promotes bridge building between Africa and Europe and highlights initiatives which are aligned with the sustainability goals of Luxembourg's finance centre.

The Société d'Impact Societal (SIS). An alternative way to finance social enterprise.

Luxembourg has also set up a special corporate structure for managing social enterprises. The SIS permits a split capital structure, allowing the coexistence of for-profit and not-for-profit shares, in a proportion that can vary over time. All dividends are linked to social performance. This structure permits the smooth evolution of a project from philanthropic undertaking to viable company, while also allowing the founder to retain control of his holdings, which would not be the case with a trust.

[22] Source: Symbiotics - CGAP

PHILANTHROPY: PUTTING WEALTH TO WORK



07

PHILANTHROPY: PUTTING WEALTH TO WORK

Luxembourg has responded to the need for a centre of expertise in philanthropic engagement that can provide advice and guidance to donors and private bankers.

The *Fondation de Luxembourg* is a public-private partnership that combines finance and philanthropy. Established in 2008 by the State of Luxembourg and the Oeuvre National de Secours Grand-Duchesse Charlotte, the Foundation seeks to guide and assist donors who wish to make a long-term commitment to a significant philanthropic project.

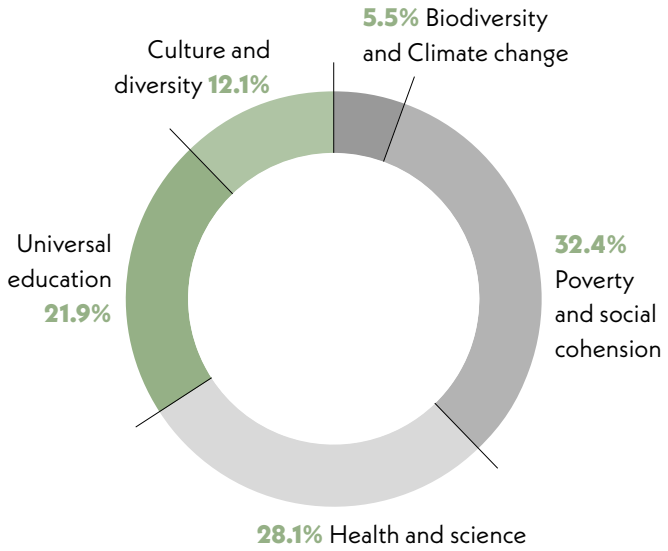
The Foundation acts as a consultant and service provider. It is a gateway to associations and NGOs around the world and can assist donors in the selection of their ideal charitable project. By providing an umbrella structure, donors benefit from a simplified structure that relieves them of the day-to-day administration of the foundation. At the same time they can influence and control their project through board meetings and the provision of detailed impact reports.

Projects typically fall under one of five themes: health and research, poverty and social cohesion, culture and diversity, universal education and biodiversity and climate change. The government has removed bureaucratic impediments to philanthropic gifts and has designed a tax regime that recognises cross-border donations in 31 markets as tax deductible.

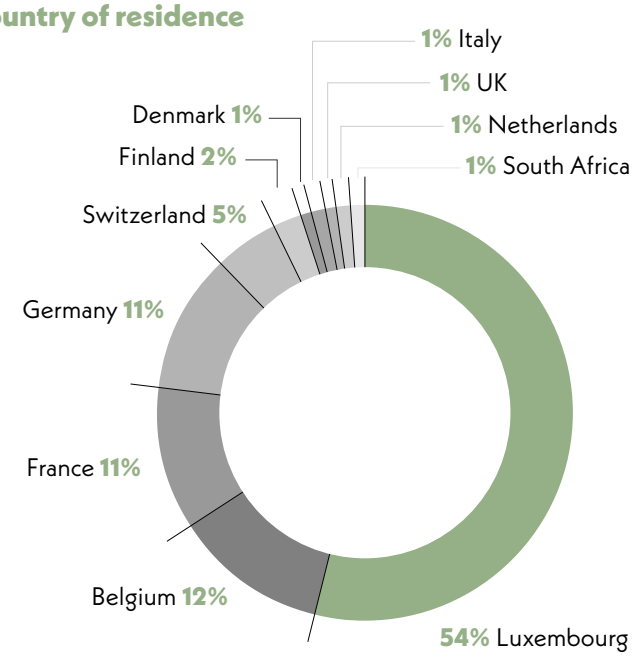
The Foundation has been a success, in particular with clients of the Luxembourg private banking community, where it has met growing demand. Eighty charitable foundations have been created under the scheme, 81% of them by private individuals or families[23].

Both the origin of donors and target beneficiaries reflect the diversity of the Luxembourg financial centre.

Projects per sectors



Country of residence



Source: Fondation de Luxembourg, 2020

[23] Fondation de Luxembourg

EMPOWERING OTHERS THROUGH FINANCIAL KNOWLEDGE TRANSFER

08



EMPOWERING OTHERS THROUGH FINANCIAL KNOWLEDGE TRANSFER

Emerging and transition economies are seeing increasing demand for the acquisition of financial know-how. Knowledge sharing helps countries build up human capital, and for the Luxembourg Government, it is an effective method of delivering both development assistance and creating goodwill.

Since 2016, the House of Training-ATTF has been responsible for both financial training and technology transfer. Its assistance programmes are supported by the Luxembourg Government and provided to over 40 selected country partners around the world.

Through its work the House of Training-ATTF serves a dual purpose, highlighting Luxembourg's finance expertise and strengthening the financial sectors of the country partners it works with by building capacity and supporting sustainable development.

It does this through the transfer of knowledge and competence in financial services through:

- High quality seminars and training, both in Luxembourg and around the world,
- technical assistance, consultancy, and coaching (where learning needs go beyond the "regular classroom").

In almost all cases, the training is delivered by experienced, Luxembourg-based financial centre practitioners.

In a typical year, the House of Training-ATTF organises some 100 sessions abroad and up to twenty in Luxembourg for the purpose of technology transfer, opening doors to valuable learning opportunities and increasingly also certifications, many to an internationally recognised standard.

The work carried out by the House of Training-ATTF on behalf of the Luxembourg Government is an investment that benefits all parties. The relationships developed through training activities provide contacts and develop goodwill between banks and bankers in both Luxembourg and its partner countries.

The work carried out by private sector experts on behalf of the House of Training (ATTF) is a showcase for sharing know-how from the Luxembourg financial centre. Through the support provided by Luxembourg's Government, it has built up long- term relationships and has provided valuable support and assistance for the development of financial sectors in many of the countries it has worked with.

USEFUL CONTACTS

09



USEFUL CONTACTS

ADA
www.ada-microfinance.org

Association of Insurance
and Reinsurance Companies (ACA)
www.aca.lu

Association of the Luxembourg Fund Industry (ALFI)
www.alfi.lu

Commissariat aux Assurances
www.commassu.lu

Financial Centres for Sustainability
www.fc4s.org

Fondation de Luxembourg
www.fdlux.lu

Luxembourg Financial Services Regulator (CSSF)
www.cssf.lu

Inclusive Finance Network
www.InFiNe.lu

Luxembourg for Finance
www.luxembourgforfinance.com

Luxembourg House of Financial Technology (LHoFT)
www.lhoft.lu

Luxembourg Private Equity and Venture Capital Association (LPEA)
www.lpea.lu

Luxembourg Stock Exchange
www.bourse.lu

Luxembourg Sustainable Finance Initiative
www.lsfi.lu

LuxFLAG
www.luxflag.org

Ministry of Finance
www.mf.public.lu

The Luxembourg Bankers' Association (ABBL)
www.abbl.lu

ABOUT LUXEMBOURG FOR FINANCE

Luxembourg for Finance (LFF) is the Agency for the Development of the Financial Centre. It is a public-private partnership between the Luxembourg Government and the Luxembourg Financial Industry Federation (PROFIL). Founded in 2008, its objective is to develop Luxembourg's financial services industry and identify new business opportunities.

LFF connects international investors to the range of financial services provided in Luxembourg, such as investment funds, wealth management, capital market operations or advisory services. In addition to being the first port of call for foreign journalists, LFF cooperates with the various professional associations and monitors global trends in finance, providing the necessary material on products and services available in Luxembourg. Furthermore, LFF manages multiple communication channels, organises seminars in international business locations, and takes part in selected world-class trade fairs and congresses.

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