

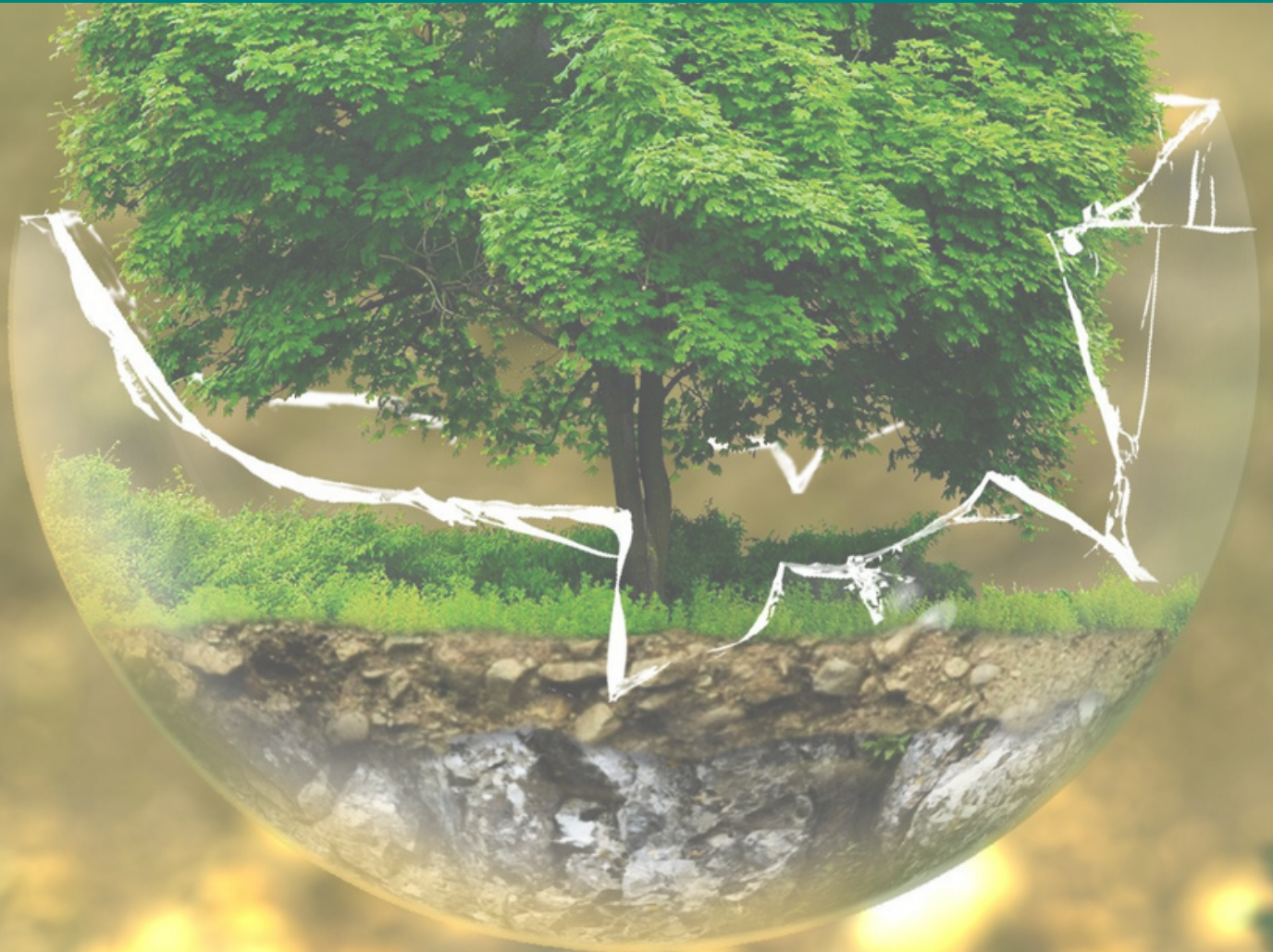


LuxFLAG Sustainable Investment Week 2022

Putting sustainability at the forefront of
finance

17 Oct. 2022 – 19 Oct. 2022

CONFERENCE REPORT





LuxFLAG Sustainable Investment Week 2022

Putting sustainability at the forefront of finance

17 Oct. 2022 - 19 Oct. 2022



Organised by :  **LUXFLAG**
Supporting Sustainable Finance



#LSIW22



<https://luxflag.org/lsw22>

3
DAYS

22
EVENTS

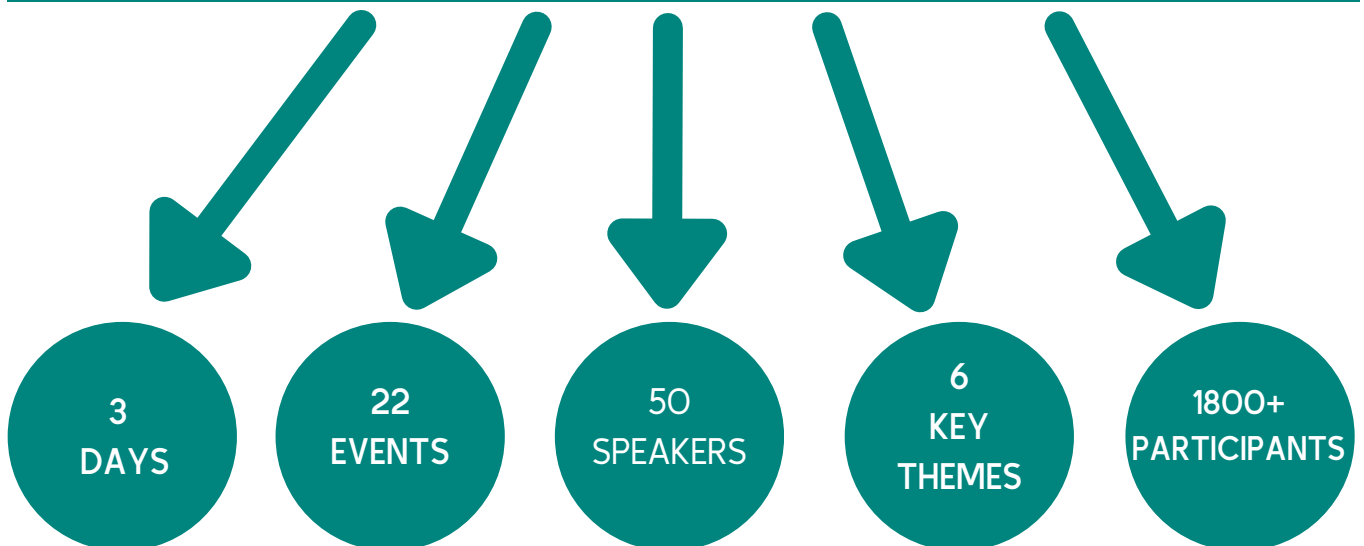
50
SPEAKERS

1800+
PHYSICAL & ONLINE
ATTENDEES



KEY THEMES

- Sustainable Finance
- ESG
- Impact Investing
- SFDR and EU Taxonomy
- Private Markets
- Climate Change Finance





Denise Voss
Chairwoman, LuxFLAG



Isabelle Delas
CEO, LuxFLAG

The LuxFLAG Sustainable Investment Week (#LSIW) continued its evolution post-pandemic as a physical event at the core, while retaining the opportunity to reach a global audience across and beyond Europe through a hybrid approach of online access to sessions.

Firmly embedded in the calendar after its fourth edition, #LSIW as an annual event is focused on raising awareness of sustainable finance, its objectives and execution.

It does this through illustrations of best practices and examples of concrete action – across banking, insurance and asset management, while also flagging up policymaking, regulation, and evolving approaches to related legal and data requirements.

#LSIW22 saw 22 sessions covering these areas, while also offering insight into how jurisdictions such as Luxembourg view the need to achieve net-zero and the UN Sustainable Development Goals through leveraging the immense talent of the financial industry in finding solutions. Another highlight at this edition was the contribution of the UN Food and Agriculture Organisation, also illustrating how sustainable finance will make a real world impact on the ground in many of the world's least developed regions.

Thanks go out for the involvement and valuable support of all our partners, hosts and media partners, that made #LSIW22 such a success. More than 1800 participants, including both physical and online attendees, shared insights from the sessions and networking sessions.

LuxFLAG is already looking forward to welcoming you as guest, speaker, partner, host and / or media partner to its fifth edition of #LSIW in 2023. More details to follow shortly.

Review and share

To catch up on #LSIW22 and view sessions from across the week, visit LuxFLAG's [YouTube channel](#).

Additional insights are available through LuxFLAG's social network presence. Click to view our latest posts.



#LSIW22 IN THE PRESS

io Investment Officer Luxembourg Sector Markets Regulation People Podcasts Research Partner

ASSET MANAGERS · REGULATION · SUSTAINABILITY

CSSF tells funds to keep promises on what they sell

Raymond Frenken - 20 October 2022

Closing Remarks
19 October 16:00 - 17:00

LuxFLAG Sustainable Investment Week 2022
Putting sustainability at the forefront of finance

Panelists: Isabelle Delas, Thomas Hainaut, Raymond Frenken, Raymond Frenken

FINANCE · FUNDS

LUXFLAG Sustainable finance best practices showcased at confab

Written by Aaron Grunwald
Published on 20.10.2022

Closing Remarks
19 October 16:00 - 17:00

LuxFLAG Sustainable Investment Week 2022
Putting sustainability at the forefront of finance

Panelists: Isabelle Delas, Thomas Hainaut, Raymond Frenken, Raymond Frenken

Chronicle.lu

NEWS FEATURES EVENTS OPINION CLASSIFIEDS PROMOTIONS ABOUT LUXEMBOURG

HOME / NEWS / FINANCE / LUXFLAG SUSTAINABLE INVESTMENT WEEK 2022 KICKS OFF IN LUXEMBOURG

LuxFLAG Sustainable Investment Week 2022 Kicks Off in Luxembourg

Published on Monday, 17 Oct 2022 10:15 by JCA

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The fourth edition of the LuxFLAG Sustainable Investment Week (LSIW22) kicked off on Monday morning at Mudam - The Contemporary Art Museum of Luxembourg, with attendees also having the possibility to tune in remotely.

LSIW22 is taking place in a hybrid format from Monday 17 to Wednesday 19 October 2022. Centred around the theme "Putting sustainability at the forefront of finance", this year's edition consists of 22 sessions spread over three days.

FINANCE · FUNDS

LUXFLAG SUSTAINABLE INVESTMENT WEEK ESG makes private asset valuation more complex

Written by Benoît Theunissen
Published on 19.10.2022

Unlocking the potential of ESG data in private markets

LuxFLAG Sustainable Investment Week 2022
Putting sustainability at the forefront of finance

Panelists: Jane Wilkinson, Ropie Effect, Antonello Argenziano, Intertit Group and Pricing Winner of Prico Luxembourg, also seen during a LuxFLAG Sustainable Investment Week 2022 roundtable discussion on the challenges of ESG data for private assets, 18 October 2022. Photo: Roman Gamba

DELANO The generation gap dialogue

with Isabella Markel, former APAC Managing and Global Director, Account Management, Deloitte

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1 BANKS What to expect from banks when mortgage payments jump

LUXEMBOURG TIMES

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LuxFLAG hosts the fourth edition of its Sustainable Investment Week (#LSIW22)

After a successful third edition, LuxFLAG is pleased to announce the fourth edition of the LuxFLAG Sustainable Investment Week (#LSIW22), which will be taking place from 17th to 19th October 2022.

LuxFLAG Sustainable Investment Week 2022
Putting sustainability at the forefront of finance
17 Oct 2022 - 19 Oct 2022

io Investment Officer Luxembourg Sector Markets Regulation People Podcasts Research

SUSTAINABILITY · PRIVATE EQUITY

In private equity, ESG requires even closer engagement

Raymond Frenken - 20 October 2022

The first reality check
19 October 16:00 - 16:30

LuxFLAG Sustainable Investment Week 2022
Putting sustainability at the forefront of finance

Panelists: Isabelle Delas, Thomas Hainaut, Raymond Frenken, Raymond Frenken

Chronicle.lu

NEWS FEATURES EVENTS OPINION CLASSIFIEDS PROMOTIONS ABOUT LUXEMBOURG

HOME / NEWS / FINANCE / INTERVIEW: ISABELLE DELAS DISCUSSES UPCOMING HYBRID LUXFLAG SUSTAINABLE INVESTMENT WEEK

Interview: Isabelle Delas Discusses Upcoming Hybrid LuxFLAG Sustainable Investment Week

Published on Thursday, 13 Oct 2022 16:02 by JCA

SHARE THIS ARTICLE: f t in s+ w e

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This week, Chronicle.lu had the opportunity to sit down with **Isabelle Delas**, Chief Executive Officer (CEO) of LuxFLAG, ahead of the fourth edition of the LuxFLAG Sustainable Investment Week (#LSIW22), which is taking place from Monday 17 to Wednesday 19 October 2022 at Mudam - The Contemporary Art Museum of Luxembourg.

The first edition of LSIW took place across various venues in Luxembourg City in October 2019. This three-day in-person

#LSIW22 ON SOCIAL MEDIA

Oriane Schoonbroodt • 2nd
PwC Sustainable finance and ESG Strategy & Dea...
5mo •

My great boss Frédéric Vonner and wonderful friend Jane Wilkinson together in a important panel on "ESG data for private equity and how to create value" LuxFLAG #esg #data #sustainability #LSIW22



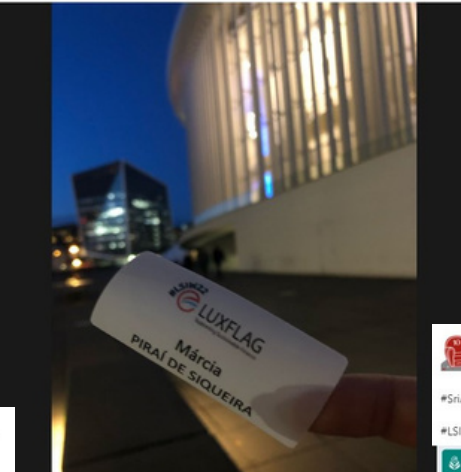
ESG makes private asset valuation more complex
delano.lu • 3 min read

Viola Strotz and 39 others
2 comments


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Marcia P. • 3rd+
Sustainable Finance | Development Finance | ESG Reporting | ...
5mo •

#sustainablefinance #impactinvesting
This week, I attended LuxFLAG #LSIW22 and had the opportunity to learn more about funds labelling, green activities in the private equity field. ESG ris ...see more



Delano @DelanoMagazine · Oct 14, 2022
CEO Isabelle Delas from @LuxFLAG lists the agency's priorities for 2023 and 2024 and previews Sustainable Investment Week 2022. #LSIW22 #Sustainability



SUSTAINABILITY
Momentum for ESG labels in Luxembourg

2

Jane Wilkinson • 2nd
Independent Director / NED, ESG Sustainable Fin...
5mo •

Back to #uni again 🎓 and today this years cohort of #MSc #sustainablefinance students spent the day at the LuxFLAG Sustainable Investment week 🌱 learning from some great speakers. At University of Luxembourg our aim is that o ...see more



Steffi Schenkewitz and 77 others
2 comments • 1 repost

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Francesco Pirovano • 2nd
Strategic Initiatives at Intesa Sanpaolo
5mo •

Interesting summary of last week panel discussion on #ESGdisclosure for #banks at LuxFLAG #LSIW22 #sustainablefinance #esg #esgstrategy

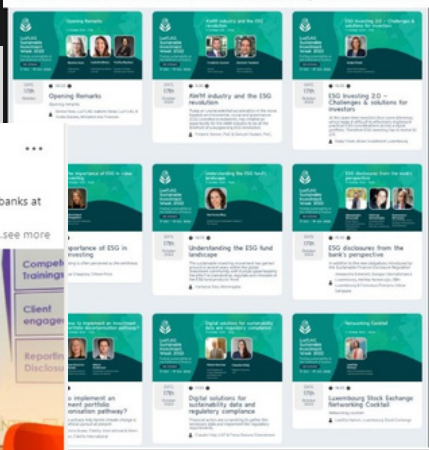


ESG disclosure: where do we stand and why is it so important? - Farvest
farvest.com • 2 min read

@SriEvent
338 followers
5mo •

#SriAgenda tomorrow - Oct17 9am CEST

#LSIW22 - LuxFLAG Sustainable Investment Week 2022 | Day1 of 3 (un ...see more



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ING Luxembourg @INGLuxembourg · Oct 21
About this week: we participated in @LuxFLAG's Sustainable Investment Week. Are you already familiar with the Sustainability Linked Loan?
Reach out to learn more about its ins and outs!
#sustainablefinance #LSIW2022 #makingthedifference



2

1

Paperjam @Paperjam_Lu · Oct 12, 2022
La CEO de @LuxFLAG, Isabelle Delas, prés Sustainable Investment Week 2022, qui se les priorités de labellisation des fonds d'In pour 2023 et 2024 paperjam.lu/article/ela

paperjam.lu
Un élan pour les label
La CEO de LuxFlag, Is
avant-première la Su

1

Investment Officer.lu
2K followers
5mo •

The EU's #sustainablefinance framework is widely recognized as immensely complex. For #privateequity firms, it's even more so, especially now that more and more investors demand that their investments are made in funds with. ...see more



In private equity, ESG requires even closer engagement
investmentofficer.lu • 1 min read

Viola Strotz and 57 others
2 comments

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SESSIONS INDEX

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- [Union Investment Luxembourg: ESG investing 2.0 – Challenges & Solutions for investors](#)
- [T. Rowe Price: The importance of ESG in value investing](#)
- [Morningstar Luxembourg: Understanding the ESG fund landscape](#)
- [ABBL: ESG disclosures from the banks perspective](#)
- [Fidelity: How to implement an investment portfolio decarbonisation pathway?](#)
- [LIST: Digital solutions for sustainability data and regulatory compliance](#)

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- [Arendt Regulatory & Consulting: Demystifying the data need in the context of SFDR](#)
- [Banque de Luxembourg: ESG deconstructed and reconstructed](#)
- [Candriam: Corporate ESG analysis](#)
- [Degroof Petercam Asset Management: Country engagement: another credible road to impact](#)
- [Intertrust Group: Unleashing the potential of ESG data in private markets](#)
- [GSK Stockman: Field Experience – Implementation of the ESG / SFDR framework by fund managers](#)
- [Société Générale Luxembourg: CSR: an opportunity to create new bonds and reinforce corporate culture, staff engagement and client relationship](#)

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- [ING: Sustainable finance and the role of banks as enablers of sustainable transition](#)
- [Linklaters LLP Luxembourg: Examining key practical questions around SFDR and EU taxonomy for fund managers and investors](#)
- [FactSet: Artificial Intelligence in ESG – Why, Where, and When?](#)
- [ADA: Future investment incentives](#)
- [LPEA / Vistra / CMS: SFDR in Private Equity: The first reality check](#)
- [Allen & Overy: Pension products: sustainability challenges and opportunities in cross-border pension products design and offerings](#)
- [LuxFLAG: Closing remarks](#)

DAY 1 – 17TH OCTOBER

OPENING REMARKS ON THE LuxFLAG SUSTAINABLE INVESTMENT WEEK 2022



SPEAKERS

Denise Voss – Chairwoman, LuxFLAG

Isabelle Delas – Chief Executive Officer, LuxFLAG

Yuriko Backes – Minister of Finance, The Government of the Grand Duchy of Luxembourg



In the opening session, Denise Voss, Chairwoman, LuxFLAG, noted the focus of #LSIW22 being to share best practices from among its members in terms of sustainable finance.

She highlighted the unique position of LuxFLAG in the sustainable finance journey: not only by ensuring labelling according to a robust and evolving review process, but also because since the first #LSIW in 2019, it has become clear that there has been great progress made by its associate members towards best practices, described as “very encouraging”.

Isabelle Delas, Chief Executive Officer, LuxFLAG, attending her first #LSIW event since joining the organisation, highlighting the event’s ability to attract attendees from not only Luxembourg and Europe, but also further afield, with representatives taking part in the discussions from major banks, fund managers, advisory firms, law firms, data and tech firms, but also policymakers, regulator and supranational organisations.

“We consider them a source of inspiration in the progress being made to harness finance to find solutions to the most pressing environmental, social

and economic challenges,” she noted.

Delas highlighted that the session was taking place on 17 October, 2022 - designated by the United Nations as the International Day for the Eradication of Poverty, “giving our conference an even more significant meaning. This is why we have chosen to ask for the closing session... special guest Lauren Phillips, Deputy Director for Inclusive Rural Transformation and Gender Equality at the Food and Agriculture Organisation of the UN.”

Yuriko Backes, Luxembourg Minister of Finance, in a pre-recorded message to the event, also focused on the evolving nature of sustainable finance, and therefore the broad scope of topics being addressed.

“The broad scope of topics also illustrates the evolution that sustainable finance has undergone over the past decade and more.”

From sustainability being a niche area, she noted LuxFLAG's own evolution of labels reflected the growth being seen in the industry, with a nod to the labelling agency's own pending launch of a 7th label.

She also reflected on the growing importance of 'S' in ESG alongside the green transition.

Further information

Detailed session information is available on the LuxFLAG YouTube channel:
<https://bit.ly/3LXbcvY>

If you wish to receive the slides, please contact:
communications@luxflag.org

DAY 1 – 17TH OCTOBER

AWM INDUSTRY AND THE ESG REVOLUTION



HOST PwC

SPEAKERS Frederic Vonner – Advisory Partner, PwC
Dariush Yazdani – Partner, Global AWM Market Research Centre Leader, PwC

MODERATOR Isabelle Delas – Chief Executive Officer, LuxFLAG



Addressing the ongoing shift in the investment industry towards ESG AUM, Frederic Vonner and Dariush Yazdani outlined the findings in the report titled Asset and wealth management revolution 2022: Exponential expectations for ESG - based on qualitative research including interviews with 250 asset managers globally and a similar number of institutional investors.

The findings as discussed touched on four key topics explained Vonner: “The first one is what we believe - what you believe - might be the AWM landscape by 2026. The second topic in the report is around what we believe are 10 ways that ESG might be - will be - shaping our future. The third is about how you asset managers in the room and online could and should adapt to your business. And the report closes with 10 actions, very hands on practical, that you might consider also to make sure that your business is sustainable in the domain of sustainable finance.”

Addressing the first point, Yazdani outlined how growth in global industry AUM in the period 2015-2021

was driven by a low cost of money. However, the forward growth rate may slow in the subsequent 5-year period of tighter money supply, alongside shifts from active to passive.

Regarding that backdrop, Vonner stressed that ESG is set to become an increasingly important driver of AUM growth - as indicated by survey responses gathered during the research - alongside “the traditional engines for growth that we had in the industry so far”.

That in turn will require asset managers to review how they adapt their businesses to meet demands of those sorts of investors also interviewed, who have already or are ready to reject asset managers they deem “not strong enough or developed enough” in ESG.

Meanwhile, the research also suggested certain investors may be willing to pay a premium to close the gap to finding suitable ESG products - and that premium may be 20-40 basis points.

The industry is also going through a 'retrofitting' wave, which is expected to stabilise in Europe through 2023, before focus increasingly turns towards new product launches.

Further information

Detailed session information is available on the LuxFLAG YouTube channel:
<https://bit.ly/3F9zkpY>

If you wish to receive the slides, please contact:
communications@luxflag.org

DAY 1 – 17TH OCTOBER

ESG INVESTING 2.0 – CHALLENGES & SOLUTIONS FOR INVESTORS



HOST Union Investment Luxembourg

SPEAKER Katja Filzek – Senior ESG Strategist, Union Investment Luxembourg

MODERATOR Isabelle Delas – Chief Executive Officer, LuxFLAG



Addressing the evolution of ESG investing, Katja Filzek, laid out her key points in an online session that started by outlining the challenges faced by investors and asset managers, before considering possible solutions required to stay on track given that “the train has left the station” regarding the value shift that has occurred around ESG investing and regulation.

Two areas specifically addressed were decarbonisation and transformation – with the latter including thoughts on how to tackle hard to abate sectors.

With the timing of the #LSIW22 being October 2022, Filzek led with the energy security challenge unleashed by the war in Ukraine. From an ESG investor perspective, however, she noted that discussions around immediate energy security should not lead to losing sight of sustainability of energy or analysis on how to achieve the longer-term energy transition.

For example, aligning with net zero targets means thinking about how metals are involved in facilitating the transition, such as cobalt that sits in South Africa

and Indonesia, or nickel that sits in Russia. Rare earth metals in China are another such facilitator.

The chemicals sector, which processes such materials, is another example of a challenge to investors who have hitherto pursued the “ESG 1.0” path of “integration, engagement and exclusions” alongside more backward looking ESG metrics and data, she noted.

Instead, investors should be looking to “ESG 2.0”, in which the more challenging sectors, such as mining, or challenging companies are addressed as part of the transition, alongside related regulatory requirements.

Filzek cited energy company RWE as an example of businesses in challenging sectors achieving Scopes 1 and 2 improvements. She highlighted that credit investors need to understand that “in the future companies with a higher CO2 intensity will have to refinance themselves at higher cost”.

Fully leveraging ESG 2.0 benefits means accessing data with a focus on the future, and combining ESG and fundamental research alongside active management, rather than just following data impulses or maths, she stressed.

Further information

Detailed session information is available on the LuxFLAG YouTube channel:
<https://bit.ly/3iIWUIV>

If you wish to receive the slides, please contact:
communications@luxflag.org

DAY 1 – 17TH OCTOBER

THE IMPORTANCE OF ESG IN VALUE INVESTMENT



HOST T. Rowe Price

SPEAKER Véronique Chapplow – ESG Investment Specialist, T. Rowe Price

MODERATOR Isabelle Delas – Chief Executive Officer, LuxFLAG



Véronique Chapplow outlined the traditional virtues of value investing, and signalled why historically it may have been regarded as a style of investing at odds with ESG objectives.

“The reason being simply that value investing is about investing in what is cheap: cheap relative to fundamentals, cheap relative to history, cheap relative to the market. It can be very deep value, can be distressed value, and that means more often than not that you are taken into the very corners of the market where there are a lot of ESG controversies, and also where economies are what we would call the old economies, and they tend to be quite high emitting.”

The preconception is linked to index data too: 30% of the MSCI value index comes from four sectors, which account for about 56% of total global greenhouse emission, she added.

However, the narrative has shifted since 2021. ESG is no longer being seen as something that restricts itself

to growth stocks. And that has come with a reappraisal of what the purpose of ESG is.

“It is about integrating environmental, social and governance factors for the purpose of maximising investment performance.”

This is very different to the exclusionary approach, which tends to affect value sectors, and where there may be a decision that beliefs or values take precedence over financial objectives, Chapplow stressed.

To achieve success demands putting resource in place, which is how T. Rowe Price has tackled ESG integration across all asset classes through a global team dedicated to ESG investment research, alongside a proprietary tool.

The Responsible Investing Indicator Model collects 200 data inputs across 15,000 securities. Together with a focus on identifying just how companies are able to mitigate ESG risks, this type of approach can facilitate identifying companies doing well in what might initially seem ESG challenging sectors, explained Chapplow.

Further information

Detailed session information is available on the LuxFLAG YouTube channel: <https://bit.ly/3VBehns>

If you wish to receive the slides, please contact: communications@luxflag.org

DAY 1 – 17TH OCTOBER

UNDERSTANDING THE ESG FUND LANDSCAPE



HOST Morningstar Luxembourg

SPEAKER Hortense Bioy – Global Director of Sustainability Research, Morningstar

MODERATOR Ahmed Ouamara – Head of Sustainability Operations, LuxFLAG



In an ever-changing ESG fund landscape, Hortense Bioy highlighted the role that Europe plays in the data globally, with the region representing over 80% of assets in ESG and sustainable funds – according to the data points used by Morningstar.

Analysing inflows in the two years to 2022, she pointed to data suggesting that ESG funds had been “more sticky” than conventional funds – even though both types were attracting money through the volatility in markets experienced through 2022.

SFDR has continued to impact the market, although to a degree in ways that were unexpected. As a disclosure framework to increase transparency and combat greenwashing by requiring disclosure, it was “not the intention of the regulator” for articles 8 and 9 to be used as labels as they have become.

“One euro out of two invested in the EU is now invested in a fund that has some sort of green characteristics. I think it's fair to say that the regulator itself didn't expect this uptake of Article 8 or 9 funds

to be so big and so fast,” Bioy noted of the data available at the time.

The industry has reacted by launching many new funds in response to demand from investors for more sustainable strategies, as well as repurposing or reclassifying existing funds, the data presented suggested.

Another trend noted in the session was “downgrading” of funds from Articles 8 and 9 to 6, following regulatory clarification.

“It's no secret that because of a lack of clear guidance from the regulator from the get-go, asset managers have interpreted the regulation in their own way. And that has led to different approaches to classification, which in turn has led to confusion and greenwashing accusations.”

Ongoing variations in interpretations of the regulation and of the definition of sustainable, alongside still relatively low levels of data on Taxonomy alignment, make comparing strategies and products challenging as the industry awaits further clarification from the European Commission, or, post-Brexit, the UK FCA.

Further information

Detailed session information is available on the LuxFLAG YouTube channel:
<https://bit.ly/3Y3Hk4w>

If you wish to receive the slides, please contact:
communications@luxflag.org

DAY 1 – 17TH OCTOBER

ESG DISCLOSURE FROM THE BANK'S PERSPECTIVE



HOST ABBL

SPEAKERS
Julien Froumoult – Sustainable Finance Adviser, ABBL
Francesco Pirovano – Senior Member of the Strategic Initiatives Team, Intesa Sanpaolo
Alessandra Simonelli – Group Head of Sustainability, Banque Internationale à Luxembourg
Mehtap Numanoglu – Chief Risk Officer, BBH Luxembourg

MODERATOR Solène Collin – Senior Impact Lead, LuxFLAG



Julien Froumoult set the scene for the panel discussion in this session, by outlining the emerging obligations being placed on banks by SFDR and other regulatory developments, as they affect members of ABBL – The Luxembourg Bankers’ Association.

These members are committed to the transition envisaged by the EU’s Sustainable Finance Action Plan including use of common definitions based on the three pillars of harmonisation, standardisation and transparency, he noted.

The harmonisation comes from development of common definitions and understanding about which economic activities could be deemed sustainable.

Standardisation relates to obligations of transparency, including European sustainability reporting standards and the obligations for the banking sector regarding ESG disclosures that come via factors such as the Taxonomy Regulation Article 8. But there are other regulatory demands banks must consider, which, while not directed at them per se, still could see them fall in

scope to a degree – such as the Corporate Sustainability Due Diligence Directive (CSDDD) adopted by the European Commission in early 2022.

In the panel discussion, Francesco Pirovano noted that “disclosure for banks on ESG now is like the tip of the iceberg”, suggesting that “ESG should be treated as a strategic matter for the bank.” At the practical level, addressing a factor such as Taxonomy alignment means ensuring an integrated approach across all functions of the bank “from the top management, to the risk, from the compliance to the marketing, and also to the business.”

Alessandra Simonelli stressed the need to ensure that those within a bank responsible for responding to different financial regulatory developments are talking to each other, as part of understanding the overall needs globally in areas such as data, training or change management.

Mehtap Numanoglu additionally picked out the role of depositary banks in areas such as due diligence questions in relation to ESG investment strategies and investment restrictions monitoring – of particularly interest to Luxembourg given the number of depositary banks there.

Further information

Detailed session information is available on the LuxFLAG YouTube channel:
<https://bit.ly/3h3XBG5>

If you wish to receive the slides, please contact:
communications@luxflag.org

DAY 1 – 17TH OCTOBER

HOW TO IMPLEMENT AN INVESTMENT PORTFOLIO DECARBONISATION PATHWAY?



HOST	Fidelity International
SPEAKERS	Glenn Anderson - Sustainable Investing Analyst, Fidelity International Ana Victoria Quaas - Investment Director, Fidelity International
MODERATORS	Denise Voss - Chairwoman, LuxFLAG Solène Garnavault - Senior Manager, Client Support and Marketing, Fidelity International



Ana Victoria Quaas, following on, provided insight into decarbonisation in the fixed income space, where there are particular challenges but also opportunities to influence the transition.

“25% of global emissions are generated by 25 of the largest companies, but only 25% of them are actually listed on the public equity markets. That means 75% cannot really be engaged with as equity holders. And this is where the global debt markets come in.”

“Thinking about the importance, the role that bondholders play, we can see that we actually have the opportunity across a much wider spectrum - whether private companies, governments, quasi sovereign, securitised issuers - to be able to kind of engage on this issue.”

Reviewing exposure to the biggest emitters and the sectors that they are in is important for investors to avoid reducing their ability to influence the transition.

Excluding the most challenging sectors does not necessarily help facilitate the transition and the broader objective of reducing emissions to meet the Paris Agreement target of 1.5C, Quaas added.

This session looked to the upside and downside risks associated with decarbonization from the perspective of investment decisions.

As noted by moderator Solène Garnavault, decarbonization pledges now cover some 70% of global emissions, meaning investors have a key role to play in implementing decarbonization.

Glenn Anderson, outlining the disruption risk associated with climate change noted the tripling in water related conflicts between the 2000s and the 2010s as an example of how quickly change can occur.

Against this background committing to zero emissions and using active voting can create concrete emissions reductions, he suggested, even if there is no single “silver bullet” that can deal with all problems associated with climate change.

Rather, a modular approach to portfolio construction and decarbonisation, including engagement, is a preferable one to consider.

Further information

Detailed session information is available on the LuxFLAG YouTube channel:
<https://bit.ly/3F8M93R>

If you wish to receive the slides, please contact:
communications@luxflag.org

DAY 1 – 17TH OCTOBER

DIGITAL SOLUTIONS FOR SUSTAINABILITY DATA AND REGULATORY COMPLIANCE

LUXEMBOURG
INSTITUTE OF SCIENCE
AND TECHNOLOGY



HOST LIST

SPEAKERS Claudia Hitaj – Research Associate, LIST
Flavio Garcea – Vice President for Product Management and Digital Trust, Clearstream

MODERATOR Chrysa Alexandraki – Legal, Regulatory & Compliance Officer, LuxFLAG



As the finance industry faces up to the burden of accessing the necessary sustainability data to meet regulatory requirements, but also do so in a way that is itself sustainable, this session looked into technologies that may help.

Starting off the discussion, Claudia Hitaj asked Flavio Garcea to outline blockchain technology as one of the potential digital solutions.

Referencing Bitcoin, he noted that as a cryptocurrency that is based on using blockchain technology, it also relies on a validation technique called ‘proof of work’ requiring many computers doing many calculations. This uses significant amounts of energy; estimates are that the Bitcoin network alone consumes as much energy as the Netherlands. There is a different validation technique called ‘proof of stake’, which uses considerably less energy.

This still leaves the question for financial firms looking to use blockchain technology of how the energy is sourced – for example, does it come from renewables

or not – and where will it be implemented in the value chain.

Garcea noted increasing recognition of distributed ledger technology (DLT) in the post trade value chain – issuance, settlement, custody – and moves towards digital securities that can include both ‘static’ data belonging to a security but also transactions data.

The industry is moving towards the ability to link both financial and non-financial data, such as ESG data and ESG key performance indicators, to individual securities. Other developments look set to tackle the various data currently outputted in .pdf documents, using natural language processing combined with data visualisation to help extract different sustainability data. The ‘Internet of Things’ or IOT combined with sensors may provide real time data to measure ESG KPIs.

Regulatory requirements to compile data into, for example, the European ESG Template throws up additional challenges, noted Hitaj, as the discussion touched on how data reported without finalised rules to deal with, say, entry errors, could undermine ESG objectives.

Further information

Detailed session information is available on the LuxFLAG YouTube channel:
<https://bit.ly/3VBLmzG>

If you wish to receive the slides, please contact:
communications@luxflag.org

DAY 2 – 18TH OCTOBER

DEMYSTIFYING THE DATA NEED IN THE CONTEXT OF SFDR



HOST Arendt Regulatory & Consulting

SPEAKERS

Stephane Badey – Partner, Arendt Regulatory & Consulting
Valérien de Jamblinne de Meux – Senior Advisor, Arendt Regulatory & Consulting
Antoine Peter – Manager, Arendt Regulatory & Consulting

MODERATOR

Isabelle Delas – CEO, LuxFLAG



Putting the focus on data once more, this session saw a panel discussion on preparation ahead of the SFDR Level 2 implementation by 2023, and the uncertainty prevailing around access to the data needed to meet ESG reporting requirements.

Stephane Badey noted that SFDR data needs took place against a background of many layers and types of data demands placed on the industry through a range of legislative developments such as the Taxonomy, MiFID II, CSRD and AIFMD.

Referencing the focus on SFDR, Valérien de Jamblinne de Meux said the then pending deadlines for early 2023 were tied up with misconceptions.

“We hear a lot of market players saying that they will not have the data, etc, etc. But if you look at the template...effectively what you will need to report on are simply on the things that you commit to.”

On KPIs, he added that this too should be straightforward.

“Most market players commit to exclude certain sectors. So, if you commit to exclude certain sectors, a very standard KPI will be the share of your portfolio being exposed to the exclusion criteria. And so each year in this periodic reporting, you will simply report a 0%”

The panel went on to address issue such as reporting Principal Adverse Impacts, where Antoine Peter noted “most likely, you're going to be asked to do it quantitatively, because someone contractually will ask it from you.”

On the requirement to report portfolio data relating to proportions of sustainability related investments, the panellists suggested that while considered a challenge it ought not to be, as asset managers ought to have their own portfolio data to hand in any case.

“I think we're trying to really convey the message that if you really look into the detail of the Level 2 reporting obligation, you realise that a lot of it is actually achievable, and there is no need to panic,” Badey said.

On Taxonomy alignment, it is expected to become easier once underlying corporates start to provide the reports required by financial products.

Further information

Detailed session information is available on the LuxFLAG YouTube channel:
<https://bit.ly/3B8evdm>

If you wish to receive the slides, please contact:
communications@luxflag.org

DAY 2 – 18TH OCTOBER

ESG DECONSTRUCTED AND RECONSTRUCTED



HOST Banque de Luxembourg

SPEAKER Thierry Feltgen – Head of SRI Strategy & Stewardship, Banque de Luxembourg

MODERATOR Isabelle Delas – CEO, LuxFLAG



Initially touching on SFDR and greenwashing concerns, Thierry Feltgen moved on to the main focus of his presentation around what ESG can and cannot do.

“And what it cannot do is, unfortunately, what people think it does,” he noted, before going on to make the point that individual shareholders trading stocks in the secondary market are simply trading property rights and have no direct impact on the behaviour of companies. Only when many shareholders divest or put a company on an exclusion list does it depress the share price, causing problems for directors whose pay is linked to share price performance, and driving behaviour change.

Similarly, those trading bonds in the secondary market do not directly impact a company unless there is a change in the market to fewer buyers than sellers, which could make it more difficult to refinance when a bond matures.

However, in the face of the idea that the individual investor cannot influence companies, there are many

reasons why ESG portfolios should be considered.

One is risk management. Consider tobacco or coal ending up on exclusion lists, leaving investors exposed to risks such as stranded assets like coal that cannot be extracted.

Smaller asset managers might find it difficult to engage directly with a company the size of Amazon, but they can through “collaborative engagement” – connecting with other asset managers to increase weight at annual meetings.

Such collaboration and engagement takes time, however, so “you need to choose well, you need to choose the right projects, you need to choose the right topics, the right companies, and if need be the right allies to push your message to the company.”

But this is where SFDR is a “very good monster” that is taking the industry in a certain direction, alongside the impact of CSRD, at pace as the EU and European Commission aim to meet the Paris Agreement targets on climate change.

“As you all know, it will be six and a half years from now that we have reached 1.5 degrees.”

Further information

Detailed session information is available on the LuxFLAG YouTube channel:
<https://bit.ly/3UrxHdb>

If you wish to receive the slides, please contact:
communications@luxflag.org

DAY 2 – 18TH OCTOBER

CORPORATE ESG ANALYSIS



HOST Candriam

SPEAKER Marie Niemczyk – Head of Insurance Relations, Candriam

MODERATOR Isabelle Delas – CEO, LuxFLAG



In considering corporate ESG analysis, Marie Niemczyk outlined three key questions to answer in this session.

Firstly, how to assess whether a corporate investment or opportunity or company is sustainable? Secondly, is it enough to look at how sustainable a company is today or does it require also looking at the future? Thirdly, does anything else need to be done for an investor to call themselves sustainable and responsible?

Regarding the first question, Niemczyk noted that having a longstanding history in ESG is a key factor when assessing companies. Accessing data on ESG remains challenging because the timing of introduction of key regulations via SFDR, the Taxonomy and CSDR means that while there is an obligation to report, access to the data is not yet in force. This gives an edge to those with in-house data supporting fundamental research.

Having sufficient resource in the form of ESG analysts is another key factor, she added.

Outlining examples from the Candriam model of analysing companies for sustainability, including how they are scored, she stressed the importance of looking to the future in terms of the link between sustainability and the investor’s risk/return profile and financial return.

Analysing and ranking companies can identify those that are good at managing their stakeholders, which have good governance, and manage their suppliers and customers well, but which represent “very significant risk in terms of key sustainability challenges.”

Niemczyk noted “a clear link between sustainability related risks and opportunities and financial related risks and opportunities.”

Having identified an ESG universe, investors are then in a position to use other levers on corporate sustainability, primarily through engagement and stewardship. This can mean direct dialogue, communal dialogue, collaborative initiatives and voting.

Voting gives the opportunity to look at company policy with regards to capital structure, principles of ‘one share one vote’ and levels of transparency in terms of financial information.

Further information

This was a hybrid session.

If you wish to receive the slides, please contact: communications@luxflag.org

DAY 2 – 18TH OCTOBER

COUNTRY ENGAGEMENT: ANOTHER CREDIBLE ROAD TO IMPACT



HOST Degroof Petercam Asset Management

SPEAKER Ophélie Mortier – Chief Sustainable Investment Officer, Degroof Petercam Asset Management

MODERATOR Solène Collin – Senior Impact Lead, LuxFLAG



This session started by noting how moves to introduce a Taxonomy and require sustainable finance disclosure have to a degree bypassed the sovereign bond asset class.

Ophélie Mortier outlined that this would impact on the ability to not only finance climate transition but to do it in a fair way.

“I think it's a pity if we could not invest in sovereign bonds as sustainable instruments because this is a very important asset class.”

Looking for sustainable bonds requires a vigorous ESG screening as well as rigorous monitoring of the use of proceeds from the bonds. Performing screening to capture ESG challenges then needs to be followed by efficient engagement, she continued.

That engagement could take the form of dialogue simply to gain more insight into ESG questions because “the information and research regarding ESG for countries remains quite limited today.”

Engagement could also encourage ESG data transparency and disclosure, increasing awareness regarding the ESG appetite of investors.

When engaging countries rather than corporates, the comparison can be made with shareholders being active and voting at AGMs. Countries may take longer, but “we have a responsibility to transfer the message to those bond issuers,” Mortier noted.

“Climate does not stop at frontiers. It's really a global challenge. We have all roles to play in this including the developed markets.”

Focusing the dialogue along the full value chain is important to achieve a bigger impact, she went on. This means looking through technical aspects of issuance and considering the stakeholders such as institutions that are buying government bonds, as well as multilateral institutions such as the IMF and countries' central banks.

Discussions with government must also reflect that they may only be at the point of inception of engagement on ESG, where a focus on specific topics risks forgetting other challenges represented by the full range of UN SDGs.

Further information

Detailed session information is available on the LuxFLAG YouTube channel: <https://bit.ly/3VR9oX7>

If you wish to receive the slides, please contact: communications@luxflag.org

DAY 2 – 18TH OCTOBER

UNLEASHING THE POTENTIAL OF ESG DATA IN PRIVATE MARKETS



HOST Intertrust Group

SPEAKERS Antonello Argenziano – Product Director, Intertrust Group
Jane Wilkinson – Independent Director, Ripple Effect
Frederic Vonner – Advisory Partner, PricewaterhouseCoopers

MODERATOR Ahmed Ouamara – Head of Sustainability Operations, LuxFLAG



This panel session addressed an investment area that has received plenty of attention in recent times – private markets – and particularly the ability of private markets investors to capture relevant ESG data.

Leading off the discussion, Antonello Argenziano referenced a survey done by Intertrust, which looked to expectations around ESG data among CFOs of private capital firms. The findings suggested that quality and frequency of data has improved, but challenges remain, such as cost of data and shortage of talents and resources.

Frederic Vonner, echoed the view, noting that while players in the private markets space may have experience with systems of finance and ESG metrics, they face a shifting regulatory framework, where the range, scope and type of data is changing. Thus even processes already in place to collect data must be able to deal with complexity caused by different types of data, granularity and frequency. The nature of private markets means that it is difficult or impossible to simply buy data from end vendors.

"The variety of ways that ESG enters and finances investments...creates a variety of approaches to data. And it is sometimes very complicated."

Jane Wilkinson, added that compared to, say, the UCITS world, where larger asset managers can buy data and layer on their own teams to interpret the data further and apply scoring systems, in private markets "I think it's probably a bit more difficult to industrialise".

She cited private equity clients not focused on any one particular sector. They may be looking at healthcare, technology, buildings or something else. But material ESG elements for the healthcare industry are different from technology, adding another layer of specialisation.

Standardisation might help. But while there are ongoing discussions with institutions such as the Sustainable Accounting Standards Board (SASB), this continues to take place in an environment of competing principles and competing standards.

"I actually question whether there will ever be a standardisation," Vonner said.

Further information

Detailed session information is available on the LuxFLAG YouTube channel:
<https://bit.ly/3isgbrK>

If you wish to receive the slides, please contact:
communications@luxflag.org

DAY 2 – 18TH OCTOBER

FIELD EXPERIENCE – IMPLEMENTATION OF THE ESG/SFDR FRAMEWORK BY FUND MANAGERS



HOST GSK Stockman

SPEAKERS

Laurent Ternisien – Chief Client Officer and Chief Executive Officer, BNP Paribas REIM Lux
Matthias Meckert – Head of Legal Continental Europe, PGIM Real Estate
Marcus Peter – PArtner, GSK Stockman

MODERATOR

Denise Voss – Chairwoman, LuxFLAG



Delving into another asset class, this session saw a panel discussion on the implementation of SFDR in the area of real estate.

Matthias Meckert started with an overview of the real estate industry commitment to Net Zero, noting that his own business, PGIM Real Estate, is in line with the general trend towards achieving this objective by 2050.

But within that objective is recognition that larger real estate investment management firms are operating across many cultures and regulations, meaning that “there is no such thing as a one-size-fits-all solution.”

This is made more acute by the fact that the asset class can be accessed through both equity investments and loans.

Real estate is also unique in that it must meet construction industry standards, which are different from regulatory standards on sustainable investments and ratings of ESG performance.

Laurent Ternisien also spotted the heterogeneous nature of real estate investments and the impact that has had on strategy in terms of ESG that BNP Paribas REIM wants to implement.

“In fact, we own buildings at the end of the day. And for each of our buildings, we also need to decide what is the action plan.”

He noted that ESG is not just a way to limit risk but also a way to improve performance, citing action on the environmental dimension leading to improvement in rental income, decreasing vacancy rates, decreasing operating costs, improved yields on assets and in certain cases the ability to borrow money at a lower rate.

Picking up on the points made around addressing uncertainties in regulatory definitions and harmonization later in the discussion, Marcus Peter noted that the ESG/SFDR framework is still relatively young and that refinements are to be expected in the next 1-2 years to achieve more harmonization needed to enable fund products to be compared with each other.

Further information

Detailed session information is available on the LuxFLAG YouTube channel:
<https://bit.ly/3iE05v8>

If you wish to receive the slides, please contact:
communications@luxflag.org

DAY 2 – 18TH OCTOBER

CSR: AN OPPORTUNITY TO CREATE NEW BONDS AND REINFORCE CORPORATE CULTURE, STAFF ENGAGEMENT AND CLIENT RELATIONSHIP



HOST Société Générale Luxembourg

SPEAKERS Marc Jeanjean - CSR Responsible, SOGELIFE
Jean-Pierre Gomez - Head of Regulatory & Public Affairs in charge of CSR, Société Générale Securities Services - Luxembourg
Vincent Borrás - Deputy Head of Market Solutions, Société Générale Luxembourg
Petra Besson - Fencikova - Head of ESG Investments, Société Générale Private Wealth Management

MODERATOR Isabelle Delas - CEO, LuxFLAG



Putting forward initial thoughts, Marc Jeanjean suggested sustainability can be defined as living in harmony with the ecosystem, leaving the main challenge in defining the application of the concept of harmony. This leads to subsequent questions, including whether sustainability "is a cost or an investment".

Answering that question is complicated by the way stakeholders may understand sustainability. Vincent Borrás noted a survey published by the Luxembourg regulator CSSF, which at the time found some 43% of respondents thought of sustainability only in terms of green finance, thereby omitting the 'S' and the 'G'.

There are different ways to respond that can align with corporate social responsibility. Jeanjean noted projects ongoing to facilitate a comprehensive understanding among clients of the impact of their investments. Borrás noted the involvement of Société

Générale in a project focused on removing plastic to protect marine biodiversity while also promoting the circular economy.

These types of responses reflect a CSR strategy pronounced by SG Group in Luxembourg along four axes: to promote sustainable investment solutions, develop positive impact finances, natively integrate the CSR dimension in the risk management framework, and actively pursue engagement as a responsible corporate.

From the perspective of asset management services, Petra Besson-Fencikova noted the impact of SFDR above and beyond reporting, including dealing with legal definitions of sustainable investing, but also in the cultural impact in the way regulation is "forcing us to talk about ESG, about sustainability, about socially responsible investing."

Jean-Pierre Gomez highlighted the challenge of clients as stakeholders in the evolving ESG landscape, amid their residual concerns over methodologies or data costs or understanding of the regulations.

Further information

Detailed session information is available on the LuxFLAG YouTube channel:
<https://bit.ly/3H9JS1m>

If you wish to receive the slides, please contact:
communications@luxflag.org

DAY 3 – 19TH OCTOBER

SUSTAINABLE FINANCE AND THE ROLE OF BANKS AS ENABLERS OF A SUSTAINABLE TRANSITION



HOST ING

SPEAKER Jan de Jaeck – Sustainable Finance Lead Belgium, Luxembourg and Nordics

MODERATOR Denise Voss – Chairwoman, LuxFLAG



Reviewing the services offered to clients as a bank means looking to the loan market and products such as sustainability linked loans, green loans. And for an institutional balance sheet measured in the hundreds of billions of euros, it requires developing a finance framework including comprehensive analysis but also looking into KPIs for the sustainability link, de Jaeck continued.

In the discussion with stakeholders such as bank loan customers that are companies and their employees, it is important to communicate well to ensure that they understand what the sustainability strategy is and what that means by way of targets.

There is an urgency to responding to climate change, noted Jan de Jaeck, referencing both the Climate Clock shown at major climate change conferences and the April 2022 report from the Intergovernmental Panel on Climate Change (IPCC).

This makes clear that banks and financial institutions have a role to play, particularly in leveraging asset commitments to “steer the economy towards a low carbon future”.

Supporting the transition is also about engaging in dialogue with clients - including retail customers. De Jaeck suggested that this in turn this leads to four key points to address: the institution’s own carbon footprint, the services offered to clients, steering the balance sheet towards the Paris climate goals, and industry cooperation.

The first point requires looking to factors such as environmental certification of buildings used by a bank or financial institution, and analysing the supply chain.

“The definition of sustainability is not just about the environmental angle, but also very important is to look at the social angle of sustainability.”

The broader banking community commitment to the Net-Zero Banking Alliance targets puts focus on the main drivers of emissions in value chains and hence an onus on banks to review those parts of their own balance sheets most linked to those drivers. Reviews can both create a pathway towards Net Zero through their lending activities, but also enable benchmarking of themselves against the industry in achieving the objectives.

Further information

This was a hybrid session.

If you wish to receive the slides, please contact: communications@luxflag.org

DAY 3 – 19TH OCTOBER

EXAMINING KEY PRACTICAL QUESTIONS AROUND SFDR AND EU TAXONOMY FOR FUND MANAGERS AND INVESTORS

Linklaters

HOST Linklaters LLP Luxembourg

SPEAKERS Désirée Catalano – Investment Funds Associate, Linklaters
Martin Mager – Investment Funds Partner, Linklaters LLP Luxembourg

MODERATOR Isabelle Delas – CEO, LuxFLAG



This session laid out some of the key questions put by clients to the speakers in the past couple of years on the SFDR, Taxonomy and Benchmark regulations - and some of the advice offered in turn.

Martin Mager identified the first big question, which concerns the extent to which SFDR represents a classification or 'label' of sorts.

Désirée Catalano stated that it is "absolutely not" about labelling.

"It is about disclosure, it is about investor protection and investor transparency. We have to qualify funds differently based on the applicable article that we can apply, but this should not be a way of labelling funds."

Thus, rather than discuss Article 6, 8 or 9 'labels' the discussion should be about disclosure obligations, she added.

Clients – fund managers – have additionally asked which category of funds they should aim for. Notable in

the early days of SFDR was a regulatory risk based approach, which led to challenges between fund manager legal teams and marketing teams on gauging application of Articles 6, 8 or 9.

Similarly, debate existing within managers on whether a typical ESG approach of exclusion would suffice to achieve compliance with the requirements of Article 8. Mager and Catalano said it did, although basic exclusions of weapons, pornography or tobacco "would be probably considered not enough."

And with further Taxonomy developments, it is unlikely to be enough in future to exclude 'brown' assets, but it will be necessary to "do something good".

Managers will also need to consider the much discussed "8 plus" for funds bridging the gap between Articles 8 and 9.

Catalano and Mager also touched on liquidity, including the question on how much cash a fund can have to hand without impacting its status under SFDR – and whether an Article 6 fund can be guilty of "white washing" if it actually has a significant exposure to an asset that rates well on an ESG basis.

Further information

Detailed session information is available on the LuxFLAG YouTube channel:
<https://bit.ly/3Fakyj8>

If you wish to receive the slides, please contact:
communications@luxflag.org

DAY 3 – 19TH OCTOBER

ARTIFICIAL INTELLIGENCE IN ESG: WHY, WHERE AND WHEN?



HOST	FactSet
SPEAKER	Fabrizio Spagna – Principal ESG Specialist, FactSet
MODERATOR	Roberta Consiglio – Business Development Officer, LuxFLAG



Until now, the use of artificial intelligence (AI) in fund management decision making has been held back for two key reasons: people are not sure it will actually add value, and people are concerned it will force disruption in areas such as workflow.

However, this is not the case, argued Fabrizio Spagna, who used this session to introduce the role of AI in ESG investing. Instead, it is about natural language processing mimicking human abilities.

These abilities can broadly speaking be broken down to the human ‘fast mind’ – immediate decisions made subconsciously in response to stimuli – and the ‘slow mind’ where there is conscious thinking. But application of AI requires forethought, Spangna highlighted.

“It is absolutely crucial for anyone who is thinking of using AI or anyone who is using AI in their workflows to make sure that whatever AI tool you do use is designed and trained for the specific purpose that

you're going to use it for,” he warned.

Generalist AI tools applied to ESG may either capture information that is not relevant or misses things when looking at a piece of information. The AI used needs to be able to identify what is material and non material, and what is positive or negative about a company being researched.

Spagna highlighted several examples of companies, where AI based analysis of publicly available information would have highlighted ESG risk, before it manifested itself in sharp share price corrections, illustrated through historic examples involving aircraft maker Bombardier and clothing retailer Boohoo.

Also outlined was the value AI can provide in times of market uncertainty. Spagna describing the “perfect storm” sparked by investors acquiring riskier assets or onboard more intrinsic risk in order to generate returns to beat much higher rates of inflation – including investing in companies carrying significant debt loads racked up during the pandemic that have found themselves incentivised to engage in greenwashing to access credit.

AI can target relevant information from companies themselves and their stakeholders.

Further information

This was a hybrid session. Detailed session information is available on the LuxFLAG YouTube channel: <https://bit.ly/3iwRGtv>

If you wish to receive the slides, please contact: communications@luxflag.org

FUTURE INVESTMENT INCENTIVES



HOST	ADA
SPEAKER	Axel de Ville – Strategy & Innovation, ADA Luxembourg
MODERATOR	Solène Collin – Senior Impact Lead, LuxFLAG



Bringing an NGO perspective to #LSIW22, Axel de Ville started his session by noting both his pleasure at the industry movement around and interest in ESG and sustainable investing, but also the susceptibility to heterogeneous ideas and therefore lack of precise definitions versus that agreed on for impact investors through the Global Impact Investing Network (GIIN).

These say that impact investments are investments made with the intention to generate positive, measurable social and environmental impacts alongside a financial return, explained de Ville.

Sharing his past experiences and lessons learned in microfinance, de Ville went on to note that impact needs to be considered along the entire investment chain.

“This is crucial to ensure that your investment have a real impact also on the ground. If you miss one step, the whole investment chain is useless, because you won't have the impact.”

An example given was of a microfinance project in Peru, where due diligence uncovered that the owner of a business being studied revealed that she could not write, leaving her fully dependent on the credit officer of the microfinance institution, and flagging up why client protection as a criteria of impact measurement is critical.

Looking ahead, these sorts of lessons will be increasingly important for ESG investing, where historically, impact investing has been a relatively small niche, de Ville said. This is now subject to “a huge, profound shift in terms of mindset in terms of value within society”.

“I don't know if it is a sort of collateral effect of the pandemic. I don't know if it is because of the Fridays For Future movement who provide some inspiration.”

The next decade is likely to see a shift towards more impact investing, driven by three key factors: people may pay less attention to what they are earning and more to what they are doing; increasing numbers of clients are requesting impact investments; and the regulatory framework is pushing the industry.

“If I were a fund manager today, I would really start to take impact investing very seriously,” de Ville stressed.

Further information

Detailed session information is available on the LuxFLAG YouTube channel:
<https://bit.ly/3UASaMu>

If you wish to receive the slides, please contact:
communications@luxflag.org

DAY 3 – 19TH OCTOBER

SFDR IN PRIVATE EQUITY: THE FIRST REALITY CHECK



HOST LPEA / Vistra / CMS

SPEAKERS Teresa Gonzalez – Head of Sustainability & ESG, Arcano Partners
Tomas Tobolka – Conducting Officer (AIFM) – Portfolio Manager – Vistra Fund Management
Julie Pelcé – ESG specialist, CMS Luxembourg

MODERATORS Anna Letta – Sustainability Operations Officer, LuxFLAG
Stephane Pesch – Chief Executive Officer, LPEA



In another dive into the impact of SFDR on the private markets space, this session looked more specifically at private equity, to gauge the challenges and opportunities being met, including challenges of data collection and consolidation.

Leading off the discussion, Stephan Pesch highlighted the role of private equity in Luxembourg, and the reasons why non financial angles are important to the premise of financial value creation.

Thus while not everybody was convinced by SFDR to begin with, it does require responding to through consideration of, for example, data collection, interpretation of Level 2 and the concrete impact on business models and clients, he noted.

Julie Pelcé put forward a key reason why SFDR matters to private equity: citing one study suggesting 64% of sustainable assets are in equity – reflecting how equity investors can influence businesses to be run sustainably.

Therefore, understanding how the regulation impacts private equity is important in areas such as reporting requirements.

“When you invest in private equity, SFDR expects you to have a strong engagement policy,” she added.

Tomas Tobolka picked out examples of the practical engagement response of his firm in the lead up to SFDR related implementation deadlines. These included updating policies on due diligence, risk management, conflict of interest and issues of resources.

He also cited the difficulty for third party AFMs signing up to certain articles, and use of opt outs to ensure continued servicing of strategies in areas such as private equity infrastructure or real estate funds of funds.

Teresa Gonzalez outlined the internal tool used by her firm to rate funds or general partners behind funds, to gauge their ESG commitment at various stages including investment selection but also post transaction during monitoring through the lifetime of the investment.

Further information

Detailed session information is available on the LuxFLAG YouTube channel: <https://bit.ly/3Ba0VX4>

If you wish to receive the slides, please contact: communications@luxflag.org

DAY 3 – 19TH OCTOBER

PENSION PRODUCTS: SUSTAINABILITY CHALLENGES AND OPPORTUNITIES IN CROSS-BORDER PENSION PRODUCTS DESIGN AND OFFERINGS

ALLEN & OVERY

HOST Allen & Overy

SPEAKERS

Codrina Constantinescu – Funds & Asset Management Counsel, Allen & Overy Luxembourg, Allen & Overy
Patrick Leonard – Sales Director – Cross Border Workplace Investments, Fidelity International

MODERATOR Ahmed Ouamara – Head of Sustainability Operations, LuxFLAG



The penultimate session of #LSIW22 considered pension funds, the sustainability challenges but also their opportunities.

Codrina Constantinescu outlined reasons why pensions are interesting in context of Luxembourg where, she said, factors such as infrastructure already in place mean sponsors of pension plans are well placed to take advantage of the IORP II Directive on occupational pensions.

Patrick Leonard, noting the experience Fidelity has in the retirement savings space, said that the importance of so-called second pillar retirement benefits is increasing as state systems fall short or people want additional benefits including ancillary benefits.

In light of demand being experienced for second pillar additions to state provision, Fidelity is focused on growing in the Luxembourg market with the long term goal of establishing pension provision for clients in multiple jurisdictions. And this in turn means ensuring an investment lineup that reflects the requirements

and demands of members of pension schemes.

“Probably the most common feedback we get from members when we discuss the retirement provision that they have is what are aspects of sustainability are included and have the various investment committees or trustees and other jurisdictions considered sustainability,” Leonard said.

Commenting further on IORPs, Constantinescu noted that as regulated financial products they would be in scope of SFDR and various disclosure requirements, while underlying funds accessed by members would themselves be regulated and also fall in scope of SFDR.

That said, members who wish to select ESG funds need “simplification of message”, to enable them to make decisions without being overwhelmed by too much information – such as regulatory technical standards, noted Leonard.

“For a long term investor, there is a value add to sustainability. Just by definition of it being a sustainable investment, it should stand the test of time better than a non sustainable investment. And as such, I think it is and it will continue to be a key component of retirement savings.”

Further information

A recording of this session is available on the LuxFLAG YouTube channel:
<https://bit.ly/3Y0jGpy>

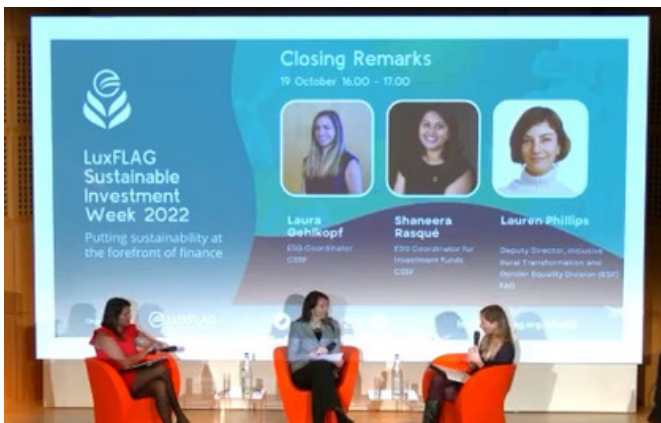
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DAY 3 – 19TH OCTOBER

CLOSING REMARKS



HOST	LuxFLAG
SPEAKERS	Laura Gehlkopf – ESG Coordinator, CSSF Shaneera Rasqué – ESG Coordinator for investment funds, CSSF Lauren Phillips – Deputy Director for the Inclusive Rural Transformation and Gender Equality Division, United Nations Food and Agriculture Organization
MODERATOR	Isabelle Delas – CEO, LuxFLAG



This last session was split into two parts: insights from the CSSF, Luxembourg’s regulator, followed by those from the work being done by the UN FAO.

Addressing the CSSF’s role in the regulatory environment around ESG and sustainable investments, Laura Gehlkopf, and Shaneera Rasqué noted the importance of coordination and communication: within the CSSF’s different departments, with industry, and also with other regulatory bodies such as ESMA and IOSCO.

“One of the key role of the coordinators is to ensure the circulation of information, because there are a lot of initiatives at the moment,” stressed Gehlkopf.

Asked about expectations at the CSSF around supervision of disclosures, Rasqué said: “We will look at the figures in terms of minimum sustainable investments, we will look at the figures in terms of Taxonomy alignment, and we will expect that those are really comprehensive with regards to the investment strategy.”

Sustainability disclosures need to be fair, not misleading and clear to investors. “We are expecting the manager to keep the promise of what they are selling to investors.”

Also touched on was the issue of greenwashing. The CSSF is seeking ‘sustainability by design’, by which it implies a financial system that is sustainable throughout, not the development of one particular supervisory tool to only combat greenwashing.

Another expectation was around working more with the asset management industry to educate end retail investors to improve the level of understanding about the changes occurring.

Addressing the second part of the session, Lauren Phillips of the UN Food and Agriculture Organization outlined how it views green finance and ESG issues, given its mandate on food security and poverty eradication.

The mandate also brings focus on rural finance, including access to money and financial services for those living in underserved communities, and links to the sustainability elements in the UN Sustainable Development Goals.

Further information

A recording of this session is available on the LuxFLAG YouTube channel:
<https://bit.ly/40lft0g>

If you wish to receive the slides, please contact:
communications@luxflag.org

NETWORKING COCKTAILS

DAY 1: MONDAY, OCTOBER 17TH
LUXEMBOURG STOCK EXCHANGE



#LSIW22 marked the physical side of the hybrid event with two end-of-day events for speakers and delegates attending in Luxembourg to mingle and continue discussions around the insights provided through the various sessions.

The Networking Cocktails sponsored by Luxembourg Stock Exchange was hosted by Laetitia Hamon, Head of Sustainable Finance (pictured below), who is responsible for the exchange's sustainable finance strategy and related projects, and leads the expert team at LuxSE's UN-awarded platform for sustainable finance, the Luxembourg Green Exchange (LGX).

Continuing the #LSIW22 theme of 'Putting sustainability at the forefront of finance', she touched on the role that LuxSE plays in supporting and encouraging sustainable investments.



Laetitia Hamon, Head of Sustainable Finance at the Luxembourg Stock Exchange

Laetitia Hamon has been Head of Sustainable Finance at the Luxembourg Stock Exchange (LuxSE) since July 2020. She is responsible for the exchange's sustainable finance strategy and related projects, and leads the expert team at LuxSE's UN-awarded platform for sustainable finance, the Luxembourg Green Exchange (LGX). Laetitia was appointed to the European Commission's prestigious High-Level Expert Group on scaling up sustainable finance in low- and middle-income countries in 2022.

As a pioneer in sustainable finance, Laetitia started her career as an ESG analyst for an extra-financial rating agency in 2008. Passionate about the topic, Laetitia decided to dedicate her career to sustainable finance. After gaining experience from the investment fund industry through different positions at Thomson Reuters and ALFI – the Association of the Luxembourg Fund Industry, she spent 8 years managing and then leading the Sustainable Finance audit and advisory practice at KPMG in Luxembourg.

Laetitia has a Master's degree in International Management from the Institut Supérieur Européen de Gestion (ISEG) and a Master's degree in Corporate Social Responsibility from Ecole Supérieure des Affaires, Paris XII.



NETWORKING COCKTAILS

DAY 2: TUESDAY, OCTOBER 18TH
SOCIÉTÉ GÉNÉRALE LUXEMBOURG



The second day of #LSIW22 added another end-of-day opportunity for attendees to continue discussions on the insights flowing through the event, as the Mudam Luxembourg once more provided the venue for the Networking Cocktails sponsored by Société Générale Luxembourg.

Xavier Blouin, Head of External Relations & CSR at Société Générale Luxembourg (pictured below) hosted, reflecting his role in coordinating and supporting the group's Corporate Social Responsibility (CSR) transformation. This is not only focused on identifying competitive advantages in business development, but also addresses environmental and social risk management.



Xavier Blouin, Head of External Relations & CSR at Société Générale Luxembourg

In 2019, Xavier was appointed Head of External Société Générale Luxembourg after having been notably responsible for Business Development and Strategy as well as for the Corporate and Institutional Department. He is a member of the Management Committee of Société Générale Luxembourg.

He represents the bank within several bodies that matter in the economic life of the country such as the Federation of Young Business Leaders, the Luxembourg Private Equity Association (LPEA), the Association of Corporate Treasurers of Luxembourg (ATEL), the Luxembourg Institute of Directors (ILA) and the Association of Banks and Bankers of Luxembourg (ABBL).

Before joining the Société Générale Group in Luxembourg in 1999, he led an international career as an Economic and Commercial Advisor to the French Embassy in Luxembourg, Spain, Mauritania, Cameroon, Libya and Egypt. With this background and his international network, he has contributed to the development of the bank on international markets, and to the promotion of the financial centre of Luxembourg.

He is a director and founding member of the French Chamber of Commerce in Luxembourg, honorary president of the Committee of Foreign Trade Advisors of France in Luxembourg and Vice-president of the Business Club France-Luxembourg.

Xavier Blouin is an Officer in the Order of the Crown of Oak (Luxembourg) and a Knight in the National Order of Merit (France).



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ABOUT US

About LuxFLAG

LuxFLAG, the Luxembourg Finance Labelling Agency, is an independent and international, non-profit labelling agency that was founded in Luxembourg in July 2006, and which has the backing of eight Charter Members.

LuxFLAG aims to contribute to sustainable development and promotes transparency by awarding a recognizable label to financial products. At present, LuxFLAG offers seven different labels which can be broadly classified into two different categories namely:

- Impact Labels – Microfinance, Climate Finance, Environment, Green Bonds
- Sustainability Transition Labels – ESG, ESG Insurance, ESG Discretionary Mandate

Please visit our website www.luxflag.org for more detailed information on LuxFLAG’s labels, the application process and criteria.

Charter Members



LuxFLAG milestones

2006: LuxFLAG was created by seven private and public partners to support sustainable finance and launched the world's only Microfinance Label

2014: Launch of the LuxFLAG ESG Label, the first European ESG label intended for funds incorporating Environmental, Social and Governance criteria

2017: Launch of the LuxFLAG Green Bond Label

2023: LuxFLAG ESG Discretionary Mandate (ESGDM) Label granted for the first time to its first applicants

2011: Launch of the LuxFLAG Environment Label

2016: 10-Year anniversary of LuxFLAG and launch of the LuxFLAG Climate Finance Label
55 labels with €13.5 billion AuM
40 Associate Members

2021: 15-Year anniversary of LuxFLAG and launch of the LuxFLAG Sustainable Insurance Product Label
365 Labels with €190 billion AuM
89 Associate Members

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