Why the Luxembourg Sustainable Finance Strategy will not deliver

Components for bringing sustainable finance into the mainstream

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Luxembourg is the wealthiest country in the European Union (EU) with the highest Real Gross Domestic Product (Real GDP) per capita worldwide. This wealth is largely due to its internationally recognised financial center, which constitutes the main driver for GDP growth on the national level.

Luxembourg is also home to the second largest investment fund sector in the world, with more than 5 trillion Euros of assets under management (AuM). Luxembourg is handling 62% of cross-border investment funds worldwide with established funds from over 70 countries.[1]

Seven Chinese banks have set up their EU hubs in the Grand Duchy, which can today be considered as the gateway for Chinese financial institutions to the EU. Furthermore, according to 'Luxembourg For Finance', 42% of client assets in banks originate from non-European countries.[2]

The volume of cross-border activities such as private and corporate banking, fund administration and custody, as well as wealth management and treasury services have turned Luxembourg into a major international financial player.

Despite its small size, the country boasts considerable economic power, which brings with it a responsibility to guide, monitor and regulate financial players and their operations, especially when it comes to safeguarding the environment and protecting human rights.

The Government has established a roadmap for sustainable finance with the ambition to raise awareness of the necessity for responsible and sustainable financial players and operations. To translate this roadmap into tangible objectives, a "Luxembourg Sustainable Finance Strategy" (LSFS) was developed by the 'Luxembourg Sustainable Finance Initiative' (LSFI).

CSO feedback on the LSFS

As part of the public consultation phase of the 'Luxembourg Sustainable Finance Strategy', the LSFI invited members of the civil society to send them their input on the first draft of the strategy document. However, we, a group of CSOs (Civil Society Organisations),[3] regret the fact that our suggestions have been largely ignored. We have thus decided to react and reiterate our main comments on what is lacking in the LSFS in this brief.

1. The LSFS is largely concerned with promoting and boosting the quantity of sustainable financial vehicles, instruments and initiatives in Luxembourg when it should start out by examining the quality of said elements. For the LSFS to deliver on its objectives, it needs to identify approaches and measures that lead to actual sustainable development in the real economy (e.g. financial operations must become aligned with the climate objectives of the Paris Agreement).

2. The LSFS does not recognise the seriousness of failing to align Luxembourg's financial sector with the objectives of the Paris Agreement. Climate change threatens one of the cornerstones of the national economy, and the LSFS should treat physical and transition risks as a priority.

3. The LSFS fails to propose concrete measures to protect human rights. Although the LSFS's working definition of sustainable finance refers to ESG (Environmental, Social and Governance), the consideration of human rights should be a cornerstone of the assessment of and education on sustainable finance as proposed in the LFSF.

4. Members of the civil society should actually be involved in the further development and implementation of the LSFS as stakeholders. Their expertise should be considered in a serious manner.

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[1] Luxembourg For Finance, 'Asset Management 2019', page 18
[2] Luxembourg For Finance, 'Wealth Management', page 10
[3] ASTM, Cercle des ONGD, Etika, Greenpeace Luxembourg, Commission Justice & Paix, SOS Faim

In the following brief, we outline why Luxembourg has an extraordinary responsibility when it comes to giving a concrete shape to sustainable finance and what needs to be improved in order to have a LSFS that is a true game-changer. Beyond new business opportunities, making finance truly sustainable is a key component in protecting the environment and vulnerable populations worldwide. However, given the magnitude of what is at stake, we doubt that a strategy mainly based on the pillars "Awareness raising" and "Unlocking potential" will be sufficient to bring about Luxembourg's transition towards a sustainable finance hub.

The content of this brief does not exhaust the more fundamental questions raised by private finance and its structural impacts on social and environmental injustice. The place of private finance in the global and national economy deserves a broad democratic debate that goes well beyond the partial and ad hoc consultations that public authorities initiate from time to time.

1. Quantity v.s quality - promoting sustainability with a real impact

The LSFS is very much focused on promoting sustainable finance when instead it should have started out by examining what sustainable finance means. What makes a financial operation sustainable? A recent study published by Greenpeace Luxembourg and Greenpeace Switzerland[4] showed that, in the large majority of cases it examined, 'sustainable' or 'green' is nothing more than an empty label.

Sustainability funds fail to live up to their name

The study in question comes to the conclusion that sustainability funds in Switzerland and Luxembourg do not sufficiently support the redirection of capital into sustainable activities, and that the current sustainable investment approaches need to be questioned by all stakeholders.

The study includes a statistical analysis of 51 'sustainable' funds in the retail segment that are authorised for sale in both Switzerland and Luxembourg. The sustainability funds assessed in the study hardly channelled capital towards sustainable economic activities. It seems that, overall, sustainability funds are only effective in redirecting funds away from major environmental controversies or specific activities such as cement production and the defense industry, but not effective in terms of improving the climate impact and sustainability of investment portfolios.

The findings of the study suggest that investment guidelines based on sustainability approaches mostly had a random effect on impact-related selection. The following examples are particularly striking:

- The 'Exclusions' approach did not significantly reduce investments in critical economic activities or major environmental controversies.
- The 'Best-in-class' and 'Positive selection' approaches did not significantly improve the ESG and the climate impact of portfolios nor did they reduce involvement in critical economic activities.

This shows that – in the short term – sustainability approaches mostly failed at allocating capital to companies with a positive impact in a significant and relevant way.

The consequences are not only the above-mentioned insufficient capital allocation and contribution to sustainable development. Financial actors themselves can be affected negatively. Due to the lack of credibility of financial ESG products, the market potential cannot fully be exploited. Most sustainability funds implicitly or explicitly signal improved portfolio impacts. Not fulfilling this promise poses reputational risks and legal risks due to greenwashing and decreases client loyalty.

[4] Dr. Regina Schwegler, Beatrice Ehmann, Anik Kohli, 'Sustainability Funds Hardly Direct Capital Towards Sustainability - A Statistical Evaluation of Sustainability Funds in Switzerland and Luxembourg', Zurich, Switzerland, 3 May 2021

Considering that the Grand Duchy is promoting itself as a sustainable financial centre, these findings pose reputational and material risks not only to the involved financial actors but also to Luxembourg's financial centre as a whole.

With regards to the LSFS, focusing on the evolution of the volume of so-called "sustainability funds" is in our view far from sufficient to reallocate capital to achieve real change towards sustainable development at investee level.

For a sustainable finance strategy to be effective, it needs to include clear definitions of what 'sustainable' means, examine ways to translate sustainability on paper into actual positive sustainability effects in the real economy, and establish timelines and monitoring processes against which quantifiable progress can be measured.

Even the much-touted EU Sustainable Finance Taxonomy will not be the proverbial silver bullet providing solutions to these still unresolved issues. It already became clear during the development phase of the Taxonomy that this rating system would be difficult to implement. Moreover, a rating system into "green" and "non-green" activities is hardly sufficient to map complex economic activities. A clear definition of impact and how it should be measured and reported for sustainable investments is also missing. Recent developments further show that the Taxonomy is becoming a plaything of politics and businesses and the criteria once defined by scientific expertise are under threat of being diluted.[5]

2. Alignment of the financial sector with the Paris Agreement

To fight the climate crisis, the world needs to set ambitious greenhouse gas emission (GHG) reduction targets that are in line with climate science. The Paris Agreement highlighted the role of the finance sector in achieving the climate objectives in its article 2.3.: *"Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development."*[6]

In fact, the finance sector is not only key in fighting climate change but is also threatened by the negative impacts of climate change. According to the Economic Intelligence Unit, climate change could cost the global economy $43 trillion at today's prices.[7] That is 30% of the world's stock of manageable assets. The Luxembourg financial sector, which is responsible for about a third of the country's GDP, is potentially vulnerable to so-called climate-related financial risks. For Luxembourg-based funds, this means that hundreds of billions of euros are at risk of being lost. It is unclear how the Luxembourg economy will be affected by potential losses in value of Luxembourg-based funds; however, given the enormous weight of the fund sector for the Luxembourg economy, caution, transparency, and precaution are urgently needed.

Despite these important financial risks related to climate change and investments into carbon-intensive sectors, Luxembourg's financial sector is seriously lagging behind when it comes to aligning its finance flows with the objectives of the Paris agreement.

A recent report commissioned by Greenpeace Luxembourg[8] concluded that in 2019, Luxembourg's 100 largest investment funds, which represent approximately 9% of the assets under management (AuM) in Luxembourg, were responsible for financing 39 million tons of GHG emissions around the world. This is 4 times more than the national GHG emissions of Luxembourg. Furthermore, these 100 funds were not aligned with the objectives of the Paris climate agreement: on average, they invested according to a 4°C scenario rather than a < 2°C scenario.

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[5] https://www.eceee.org/all-news/news/leak-eu-to-table-climate-taxonomy-leaving-gas-and-nuclear-for-later/

[6] United Nations, Paris Agreement, Article 2, paragraph 1 (c)

[7] The Economist Intelligence Unit (EIU),'The cost of inaction: Recognising the value at risk from climate change', 24 July 2015

[8] Greenpeace Luxembourg, Investing in climate change – A climate analysis of the 100 largest investment funds in Luxembourg, 27 January 2021

The severe lack of ESG governance in the Luxembourg fund sector can be observed when it comes to reporting of climate-related financial information. In 2020, the CSSF has carried out a thematic review[9] to examine the status of climate-related information reported by issuers. The CSSF concluded:

"We note that, in general, only a small and unsatisfactory percentage of issuers address the questions in relation to climate-change beyond the basic requirements of the NFI Directive. Moreover, while the importance of climate-change effects is relatively well highlighted in the description of business models (for those disclosing climate-related information), we observe a lack of information about concrete actions beyond commitments made or proposals to significantly reduce global warming.

In a more specific way, a notable feature of the new guidance is to provide more insight on the governance aspects, including the board's oversight of climate-related risks and opportunities and the management's role in assessing and managing these risks and opportunities along with the information provided on policies and due diligence processes. In the information reviewed, this is a significant omission and there is therefore a clear need for improvement in future non-financial reports as it allows stakeholders to understand the robustness of the company's approach to climate-related issues.

Consistently with the above, there is a lack of disclosures on risk management in relation to climate-related risks (identification - assessment - mitigation) in the short, medium, and long term for a large majority of issuers. There is also a significant need for disclosures in relation to the key climate-related risks, distinguishing physical and transition risks. This absence of disclosures may cast a doubt on the existence of a real action plan or indicate an underestimated impact of such risks on the operations."

While the CSSF is clearly pointing at the shortcomings of the Luxembourg financial sector in reporting and managing climate-related financial risks, we deplore that the LSFS lacks concrete action proposals engaging Luxembourg's entire financial sector on the issue of mitigating financed emissions and climate-related financial risks in the Luxembourg finance sector.

The case of the ABC Fund - a "green fund" that is not sufficiently addressing the issue of environmental sustainability

In 2019 - at the initiative of the International Fund for Agricultural Development (IFAD), in collaboration with the governments of Luxembourg & Switzerland, and the AGRA Alliance (Alliance for a Green Revolution in Africa) - an investment fund to promote agricultural entrepreneurship in Africa (ABC Fund - Agri-Business Capital Fund) was created on the Luxembourg financial market.

By mobilizing mixed public-private capital, this "innovative impact fund" aims to invest in "smallholder farmers and small-to-medium sized rural agribusinesses (SMEs) in developing countries to support sustainable and inclusive agricultural value chains."

The fund's stated ambitions are laudable, but its implementation raises several questions.

[9] CSSF, 'Revue thématique des information relatives au climat publiées par les émetteurs,' Press release, 20 December 2020

Regularly presented in communications on "green" or "sustainable finance", and even recently labelled "ESG", this fund raises real questions in terms of the agricultural model it promotes and its real ambitions in terms of sustainability (especially on the environmental side).

First question that needs to be raised: according to what criteria are the projects supported? Even if the criteria are not known, we can nevertheless observe a constant when we look, more in detail, at the implementation of the fund: it is mostly cash crops - largely destined for export and for the vast majority using an intensive agricultural production model - that are financed. Please find hereunder a couple of examples (non-exhaustive list) of the fund's beneficiaries:

- The mango exporter, “Yaffa et Frères (EYF)”, from Mali. A company that aims to “...deliver mangos directly from its packing facility to supermarkets by air freight. Its export destinations include Europe (France, Belgium, Holland, Switzerland and Germany), Maghreb, and Central Africa. The company also trades imported fish and local chicken off-season...”.

- A company, called "Dragon Farming", developing the soybean industry in Ghana, and producing to manufacture and export animal feed. We quote: "Dragon Farming provides [...] products to satisfy the nutritional needs of farmed animals, especially poultry and tilapia, in Ghana and beyond. Dragon Farming processes raw soybeans into soybean meal, full fat soybeans and soybean oil. Dragon's vision is to become a leader in the animal nutrition industry and a voice in building poultry and aquaculture industries in Africa”.

In this context, what place for the objective of strengthening the food sovereignty of the concerned countries and reducing the carbon footprint of food systems in general?

Furthermore, what credit can be given to the partnership with AGRA, when this operator is widely decried by West African civil society organizations (a region where the Alliance is very active) and whose objectives are far from having been achieved after 10 years of field experimentation?

In the end, everything seems to indicate that this fund supports, to a large extent, conventional and input-intensive agricultural experiences - with the main objective of a profitable financial return on investment, which remains, in any case, the ultimate goal of every fund. We are very doubtful that the issues of food sovereignty, environmental sustainability, protection of biodiversity and equity in the distribution of gains (within the value chains) will be addressed at the required level.

3. Protecting human rights needs to be part of sustainability

“With regard to human rights, the non-financial statement should include information on the prevention of human rights abuses and entities are expected to disclose material information on potential and actual impacts of their operations on right-holders.

While it is considered best practice for a company to express its commitments to human rights, it appears that based on our examination, one third of Issuers do not make any reference to human rights.”

This quote is not taken from a CSO study but from the 'Examination Of Non-financial And Diversity Information Published By Certain Issuers For 2017 Financial Year',[10] a document published by the financial regulator CSSF.

The CSSF reminds issuers that the Law of 23 July 2016 specifies that *"if entities do not pursue policies in relation to one (or more) matter(s) that is (are) not relevant for them, the non-financial statement shall provide a clear and reasoned explanation for not doing so. Thus, the CSSF urges issuers to make a proper statement on respect of human rights, whether by disclosing relevant policies and practices in place, or by substantiating the absence of such policies."*

Looking at the CSSF examination for the fiscal year 2018, we conclude that the situation has not changed significantly:

"Information however remains significantly boilerplate when addressing anti-corruption and bribery matters, and too often meaningless when addressing human rights."[11]

This conclusion highlights the need for the protection of human rights to become a prominent feature of the LSFS framework. Voluntary measures will not deliver the necessary change in the financial sector towards more sustainability. Even though the EU Commission's Taxonomy[12] marks an important milestone in creating a common understanding of what could be considered sustainable, most current definitions remain limited to environmental dimensions and thus lacking the social and governmental dimensions.[13]

In order to ensure a real transition of the financial sector towards sustainability and respect for human rights, additional legislative measures are required. The European Commission has reacted to this lack by announcing the publication of a report on the provisions required for a Social Taxonomy by the end of 2021.[14] If and how this Social Taxonomy will prove effective in terms of protecting human rights remains to be seen - until then, it is up to the government to safeguard the social aspects implicit in the ESG label.

Human rights challenges for the financial sector: concrete examples

Luxembourg Stock Exchange not sufficiently addressing human rights

Luxembourg is home to the world's first stock exchange platform dedicated to sustainable, ecological, and social values with the Luxembourg Green Exchange (LGX). From the listing of the world's first green bond in 2007 on the Luxembourg Stock Exchange (LuxSE) to the 1000th bond issued with the EIB's Global Climate Awareness bond on the Luxembourg Green Exchange (LGX) in May 2021, there has

[10] CSSF, 'Examination of non-financial and diversity information published by certain issuers in 2018', Press release, 10 January 2019
[11] CSSF, 'Examination of non-financial information published by certain issuers for 2018 financial year', Press release, 17 February 2020
[12] For further information on the EU Taxonomy, see our Annex or:

- European Commission, 'EU taxonomy for sustainable activities - What the EU is doing to create an EU-wide classification system for sustainable activities'.
- Reclaim Finance, 'The EU Sustainable Taxonomy set to fuel greenwashing', 22 April 2021
- Change Finance, '52 civil society organisations urge the EU Commission to establish a classification system of climate and environment harming activities', Press release, 19 January 2021
- Finance Watch, 'Europe needs a more ambitious sustainable finance strategy', Press release, 7 July 2021

[13] For more information, see Annex "Terminology"
[14] European Commission, Platform on Sustainable Finance, 'EU Taxonomy & Platform - Social Taxonomy Outreach', Presentation - Webinar on social taxonomy, 26 February 2021

been significant development. It should be noted that, in this context, the Luxembourg Stock Exchange had decided to require an additional constraint compared to the most widespread standard in the ICMA (International Capital Markets Association) market, i.e. an obligation to publish reports on the evolution of the projects financed by identifying the impact of the project.

Genuine sustainability can not be achieved without addressing human rights and in this respect, major issues remain unsolved. In a recent study, Dr. Başak Bağlayan from the University of Luxembourg looks at the possibility of legislating, at national level, for a duty of diligence regarding human rights for companies domiciled in Luxembourg. In this study, it becomes obvious that the X principles on corporate governance of the LuxSE only provide general recommendations but *"explicit reference to due diligence is absent from the X principles[15]"*.[16]

In this context it is deplorable that the Luxembourg Stock Exchange does not participate in the 'Business and Human rights' working group of the Ministry of Foreign and European Affairs.[17]

This seems especially worrying in light of the fact that two of the nine companies represented in the LuxX stock market index are regularly singled out for human rights violations in reports by CSOs.

Green and sustainable bonds should meet the standards set by the 'OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights', including the principles and rights set out in the eight core conventions referred to in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. For example, this guarantee does not exist, at the level of Chinese issuers regarding forced labour.

The Las Bambas copper mine: Luxembourg-domiciled bank provides loan despite violation of human rights

A report released by ASTM in October 2020[18] shows how the financial sector's lending and investment activities can contribute or are linked to human rights violations in the Global South.

For example, in August 2019, the Chinese company Minerals and Metals Group (MMG), which is operating the Las Bambas copper mine in Peru, the ninth largest copper mine in the world, received a loan of USD 175 million from the Luxembourg branch of the Industrial and Commercial Bank of China (ICBC) to finance the operations of the mine.[19]

[15] X=10
[16] Başak Bağlayan, PhD, 'A Study On Potential Human Rights Due Diligence Legislation In Luxembourg' page 49
[17] www.bourse/corporate-governance
[18] Action Solidarité Tiers Monde (ASTM), 'Risques d'impacts des activités des entreprises sur les populations dans les pays du Sud: études de cas du Luxembourg', October 2020
[19] BankTrack, Las Bambas copper mine

This loan was granted, even though the project was met with resistance from the local population because the mining license for Las Bambas was granted without proper consultation of the local population. The original conditions of the mine operation based on which the mining license was granted were later changed, with significant negative impacts for the local population and the environment. Since 2015, community protests have been severely suppressed by police forces, resulting in injuries and deaths, arbitrary arrests of protesters, as well as charges and trials in court cases.

4. Civil society: a stakeholder to be taken seriously

With the publication of the LSFS it became clear that although some CSOs were listed as having participated during the public consultation of the draft LSFS, their contributions were neither discussed nor considered in the final LSFS.

For example, our recommendations to adopt a national law on human rights and environmental due diligence for businesses, including the finance sector, or our demand to align the entire financial sector with the objectives of the Paris Agreement were not reflected upon in the final version of the LSFS.

Population in favour of human rights legislation

The "Initiative pour un devoir de vigilance" conducted, in partnership with TNS-ILRES, a survey in October 2020 on Human Rights and Environmental Due Diligence law, including the financial sector:

Should Luxembourg companies take steps in the future to prevent environmental damage that has a negative impact on human rights in the level of their supply chains?

93% of the population are in favour of such legislation.

At least in the interest of transparency, the positions of all stakeholders involved in the public consultation should have been published in an annex of the LSFS, as was done in the case of the public consultation to the National Action Plan on business and human rights for example.

During the presentation of the LSFS, Finance Minister Pierre Gramegna mentioned the involvement of civil society in the LSFS. However, we are not satisfied with his statement as the role of CSOs has been reduced to raising awareness and promoting sustainable finance to the general public. This is not our duty, and we will refuse to play this role when it comes to the promotion of the LSFS.

We are, nonetheless, open to further discuss our involvement in the LSFS. For example, CSOs are especially concerned about the impact of sustainable finance in the real economy. We also have substantial expertise on human rights issues and environmental risks, which we are more than willing to share. CSOs are in a position to make valuable contributions with regards to the third pillar of the strategy, "Measuring progress", especially when it comes to the development and monitoring of key performance indicators (KPIs).

Our recommendations

According to the 'European Sustainable Investment Funds Study 2021' commissioned by the Association of the Luxembourg Fund Industry (ALFI), sustainable finance is still not the norm but rather the exception.[20] A Sustainable finance strategy without coherent definitions, ambitious objectives in terms of real impact of sustainable investments and comprehensible timelines will not change that fact.

To bring sustainable finance into the mainstream and make sure that the lack of ambitious and coherent criteria and standards is not opening the door for greenwashing, the LSFS needs to introduce legally binding and measurable goals for financial products that guarantee the respect of human rights and the environment. In this context, we demand that the LSFS be revised to include the following considerations:

- To this date, the status quo of the Luxembourg financial sector regarding its environmental and societal impact has not been analysed. To measure progress, financial products need to be evaluated regarding their ESG performance. In fact, in terms of the credibility of the LSFS, it is key that the status quo be analysed and short-, middle-, and long-term objectives as well as KPIs be developed on this basis.

- For the Luxembourg financial centre to become truly sustainable, efforts must go beyond the promotion of sustainable investments that comply with the EU Sustainable Finance regulations. The focus of the LSFS must, i.a., be to bring all financial flows in line with the objectives of the Paris Agreement.

- By adopting a national law on human rights and environmental due diligence, Luxembourg, as a candidate for the UN Human Rights Council and as a signatory to many international conventions and treaties (e.g. CBD, UNFCCC, ILO), could play a much more proactive role at the national and EU level in shaping a more ambitious regulation including the financial sector. This should also be reflected in the LSFS.

- The role of the government needs to go beyond what is being described in the LSFS (i.e. public investments, promotion, and support for sustainable finance). In fact, a strong positioning as well as an ambitious and consistent engagement by the Luxembourg Government is of central importance for an alignment of the financial centre with national and international sustainability goals. Its task is to create the right regulatory framework for a broad transformation of the financial sector.

- The Luxembourg supervisory authorities (CSSF, CAA and BCL) should have a major influence on the actions of financial market players. They should establish clear requirements for the risk management of the supervised financial institutions. These must be expanded to reflect: 1. that sustainability risks can trigger material financial risks for financial institutions and that therefore, such risks must be covered by risk management of all financial institutions; 2. that a long-term perspective must be taken when assessing sustainability risks; and 3. how the process for medium- and long-term risk assessment is to be designed.

- Civil society must be closely involved in the solution-finding process as it plays an important role in the fight against climate change, biodiversity loss and human rights abuses.

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[20] Association of the Luxembourg Fund Industry (ALFI), 'European Sustainable Investment Funds Study 2021 - Catalysts for a Greener Europe', 2021

Annex: Terminology

We consider it necessary to complement our contribution by an annex wherein we clarify the terminology, because we observe a mix-up and misuse of terms that complicate the debate and communication about sustainable finance, as there are not yet generally accepted definitions. We describe hereafter the current understanding of the terminology within the sustainable finance discourse and not necessarily our views on what these terms should mean.

Green Finance - Financial activities that aim at limiting negative environmental effects of the underlying economic activities, most often they only consider the emission of greenhouse gases.

ESG - Environmental, Social and Governmental. The abbreviation is often used in the context of rendering the financial sector more sustainable as ESG could be also understood as the three pillars of sustainability, while allowing it to differentiate better than the single term "sustainability" allows it.

EU Taxonomy - The EU has been developing an action as part of its Sustainable Finance Strategy. At the heart of this action plan lies the EU Taxonomy, the focus of which is currently only on environmental aspects (actually on climate change mitigation and adaptation) while still neglecting to propose criteria with regards to human rights issues. The Taxonomy classifies fitting economic activities as "green" and thereby aims to achieve a redirection of capital.

Sustainable Finance - Is often understood as financing sustainable business. It is debatable what can be considered as sustainable or not. The European sustainable finance taxonomy is supposed to provide clear and science-based standards for sustainable activities. Problematic until today is that there are e.g. no limits to use the termt. Furthermore, it does not include any notion of financial stability – which normally the meaning of sustainability implies and therefore is misleading for the public.

SRI – Socially, Responsible Investment. Describes the most basic form of investment that also considers non-financial factors in the investment decision. Often funds claiming to invest in an SRI manner only exclude production of weapons, extraction and/or firing of coal or the exclusion of tobacco or gambling stocks (whereas the latter two also count as moral investment). Problematic here is the very limited impact and singular approach to a subject that only can be looked at broadly.

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