

LUXEMBOURG TIMES

Business and politics in Luxembourg | The sustainability edition

No. 17 | Autumn 2025

Productivity

Sustaining the economy

Backlash

The rise and fall of green parties

Into the woods

Foraging for fine food

Plus:

A special dossier on sustainable finance

“Transition needs financing

Interview with
Julie Becker,
CEO of the Luxembourg
Stock Exchange



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Autumn 2025

Wildfires in the EU were the worst on record this year, with burning season scorching roughly 1 million hectares of ground, according to data collected by the European Forest Fire Information Service (EFFIS). That is an area almost four times the size of Luxembourg and sets a new record. In Portugal alone nearly 265,000 hectares burned this year, more than twice the annual average from 2006 to 2024. In Spain, the fires were almost five times more devastating. More than 37 million tonnes of carbon dioxide were pumped into the atmosphere because of the blazes – roughly as much as the yearly CO2 emissions of Portugal or Sweden. This list doesn't even include fires in Turkey, the US, Canada and other parts of the world, not to mention deadly heatwaves, drought, hurricanes and catastrophic floods. While we see climate change happening right in front of our eyes, it seems we cannot quite grasp the ramifications of a warming world. We are unprepared for millions of climate refugees, wars over water and food, the destruction of ecosystems, warming seas and the collapse of ocean currents.

Almost 80% of climate scientists from the UN's Intergovernmental Panel on Climate Change (IPCC) in a poll conducted by *The Guardian*, expected at least a 2.5°C rise in global heating above pre-industrial levels. Almost half anticipated at least 3°C. Only 6% believed the 1.5°C target would be met. *The Guardian* no longer uses the words "climate change" in its reporting but has swapped the wording for "climate emergency". Media organisations tread a fine line between alarmist headlines, news fatigue and hammering home the urgency of the climate crisis. Populist agendas have seen US President Donald Trump withdrawing from the Paris Agreement but also Conservatives closer to home criticising climate policy as ideology and limiting personal freedoms.

The world's powerful and wealthy display apathy at best and disdain at worst for climate science. Celebrities blast themselves into space as a PR stunt or take a private jet for a 10-minute commute. Consumption has been re-branded as self-care and every time a content creator unboxes their latest fast fashion haul (probably sending half of the goods to landfill as part of the return policy), a climate fairy somewhere dies. The world is our collective Tinkerbell, fading because not enough people believe in her. For a while, the Fridays for Future youth movement appeared to be making enough noise to bring her back from the dead. Then came the pandemic, and the world took a breather as traffic ground to a halt and economies slowed down. We must once again collectively play our part, even if it all appears a bit hopeless, and put our hands (and heads) together for our only home. There is no Planet B.

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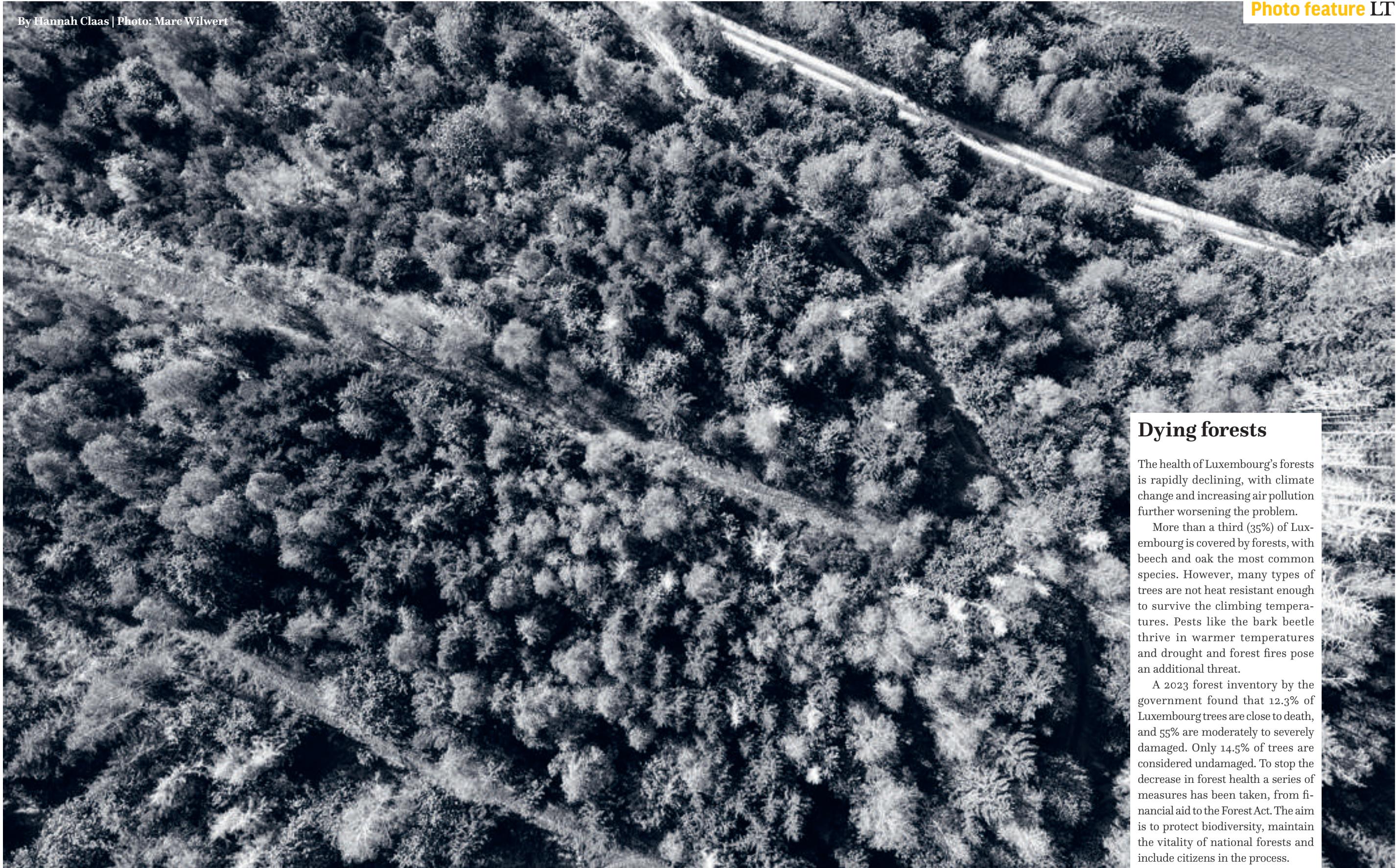


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Dying forests

The health of Luxembourg's forests is rapidly declining, with climate change and increasing air pollution further worsening the problem.

More than a third (35%) of Luxembourg is covered by forests, with beech and oak the most common species. However, many types of trees are not heat resistant enough to survive the climbing temperatures. Pests like the bark beetle thrive in warmer temperatures and drought and forest fires pose an additional threat.

A 2023 forest inventory by the government found that 12.3% of Luxembourg trees are close to death, and 55% are moderately to severely damaged. Only 14.5% of trees are considered undamaged. To stop the decrease in forest health a series of measures has been taken, from financial aid to the Forest Act. The aim is to protect biodiversity, maintain the vitality of national forests and include citizens in the process.

Luxembourg climbs to second in global talent ranking

‘Steady and impressive upwards trajectory’

Luxembourg has taken second spot in the World Talent Ranking 2025, assessing a country’s ability to attract and retain talent, rising one place since last year. The study is published annually by the International Institute for Management Development (IMD), a business

school based in Lausanne, Switzerland. It reviews investment and development, readiness and appeal criteria. Luxembourg took the second spot previously occupied by Singapore, which plummeted to seventh place. The ranking was headed by Switzerland. The Grand Duchy has “demonstrated a steady and

impressive upward trajectory” in the ranking, the IMD report said. However, there remain “notable weaknesses”, including in areas such as the availability of skilled labour, where the country polled 57th in this year’s survey, and the participation of women in the workforce, where it finished 54th.



Photo: Shutterstock

Luxembourg took the second spot previously occupied by Singapore

Government rejects financial sector stagnation claims

Luxembourg’s financial centre has grown steadily despite external challenges, Higher Education and Digitalisation Minister Stéphanie Obertin said in response to Statec

data showing a slowdown or even near-stagnation in job creation. “Between 2014 and 2024, direct employment increased from 54,195 to 73,272 employees, representing an average annual increase of 3.1%,” Obertin said in response to a parliamentary question. Banking remains the largest employer, accounting for 35.9% of the workforce

in 2024. Fund management represents 18.1% of jobs, compared to 12.7% ten years ago. Professional services (audit, consulting, legal) reached 28.2% of the workforce. Other financial services (including payments, investments and specialised services) are recording annual growth of 7.2%, becoming the most dynamic segment.

CSSF imposed €11m in fines in 2024

Luxembourg’s financial regulator imposed €11 million in fines last year. The amount was almost five times higher than the total issued in 2023 – when the *Commission de Surveillance du Secteur Financier (CSSF)* imposed just under €2.5 million in penalties – and included a single €3 million sanction against BGL BNP Paribas. The €11 million in fines imposed by the CSSF last year is one of the highest annual totals, well above the €5.8 million in fines in 2022, €4.3 million in 2021 and over €6 million in 2020, but below the more than €17.5 million in penalties issued in 2017.

AI could add billions to Luxembourg economy

Artificial intelligence could add up to \$19 billion (€16 billion) to Luxembourg’s economy, a report by consulting firm McKinsey has concluded. With a digitally advanced, globally connected economy, the country would be well-placed to benefit from the rise of AI, McKinsey said. Artificial intelligence could increase labour productivity by 0.1% to 0.6% per year until 2040. Combined with other technologies, it could add 0.5% to 3.4% to annual productivity growth.

Fintech firm Payhawk registers holding company

Luxair has adopted firm’s solutions across operations

Payhawk, a Bulgarian fintech firm focused on expense management for businesses, has registered a holding company in Luxembourg. The entity, Payhawk SA, was incorporated on 20 August as a public limited company with a share capital of €500,000, according to documents filed with Luxembourg’s trade register. The company is wholly owned by UK-based parent company Payhawk Limited. Hristo Valentinov Borisov, co-founder and CEO of Payhawk, has been appointed as the sole director of the Luxembourg entity, according to the registration. The company’s stated purpose is typical for a holding structure: the acquisition and management of shareholdings, securities and other investments. Founded in 2018, Payhawk



Photo: Shutterstock

Bulgaria’s first unicorn sets up Payhawk with €500,000 capital

became Bulgaria’s first unicorn after a Series B extension round in 2022 pushed its valuation above \$1 billion (€858 million). The firm provides software and company cards to help businesses track,

control and automate employee expenses. It competes with players like Spendesk, Pleo and Soldo. In Luxembourg, Luxair adopted Payhawk’s solution to streamline expense processes across its operations.



Photo: Guy Jallay

German firm acquires Luxembourg manufacturer

Luxembourg manufacturing firm Euro Composites is to be taken over by German company Schütz Group, pending regulatory approval. The change of ownership will involve no

job losses and Euro Composites’ current management will remain in charge at the firm, Schütz said. The value of the acquisition was not disclosed. Euro Composites employs around 1,000 people – mostly in Echternach, but also in Bitburg, Germany and Culpeper, Virginia, US. Considered one of the world’s leading complex composite manufacturers,

Government issues €2.5bn bond

Luxembourg issued a €2.5 billion bond on 10 September, with the sale closing within three hours of its launch, the finance ministry said.

The subscription book opened around 09:00 and closed by 12:00, with “demand largely exceeding supply,” the ministry said in a press release. The loan has a maturity of ten years and a coupon rate of 2.9%, the statement added. Following the issuing of the bond, “public debt will amount to approximately €24.4 billion, or 27.2% of GDP,” the ministry said. Investors are mainly comprised of European institutions such as banks, asset managers and insurance firms.

Luxembourg has previously turned to markets to raise funds in recent years, including issuing bonds worth up to €3 billion at the outbreak of the Covid-19 pandemic.

State invests €200m in Findel airport

Investment comes as work begins to find future second site

Authorities will continue to invest in upgrades to Findel airport, even though the government will start to consider a new airport site that could open after 2050, Luxembourg’s mobility and public works minister has said.

Lux-Airport, the company that operates Luxembourg’s sole commercial airport, plans to make nearly €800 million in investments to facilities between 2025 and 2032, Yuriko Backes said in answer to a parliamentary question. Public spending on improvements in areas such as safety and security, air navigation, protocol, customs clearance, fire and rescue services “will likely exceed €200 million for the same period,” she said. Backes defended an outlay of more than €1 billion on revamping the present airport when it will likely

be replaced. “It would be irresponsible to hold back the absolutely necessary investments,” she stated. Officials are currently studying how to boost take-off and landing, passenger and cargo capacity at Findel. However, Backes said that studies “show that this optimisation risks reaching its limits from the 2050-60

decade onwards.” As there is insufficient space to expand Findel and it is “impossible to build a second independent runway on the current site, it is important for me to begin thinking now about the need to build a possible new airport that meets the challenges that will arise in the second half of this century,” she said.



Photo: Marc Wilwert

The government will start to consider a new airport site that could open after 2050

€1bn extreme weather bill

Between 1980 and 2023, climatic events like heavy rain, storms and floods, caused €1.2 billion in economic losses in Luxembourg, according to a study by the European

Environment Agency. Most of this (just over €1 billion) was directly due to weather, such as storms or hail, while the remaining €260 million was down to flooding. No economic losses are linked in the report to heatwaves, periods of drought or frost.

The report compiles direct financial losses, both insured and uninsured – but crucially does not include related or on-going costs such as lost crops or health problems. Lower crop yields due to drought, for example, would therefore not be counted.

Private schools lose students

Overall, more than 118,000 students headed back to school after the summer, including 63,435 primary school pupils and 54,620 secondary school students, data by the education ministry shows.

The number is subject to change, as students enrol, change school or move country throughout the academic year.

Primary school enrolment was up from 62,705 last year. That included 5,610 private school pupils, a number that has shrunk for seven consecutive years. The number of pupils in public primary schools modelled on the European school system, more than doubled during the same period, from 1,093 students to 2,634. At secondary level, the picture was better for private schools, as they gained 105 students to reach 10,478. Public international school enrolment increased from 5,635 last year to 6,289 this year.



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“ CLIMATE RISK IS FINANCIAL RISK

Luxembourg Stock Exchange CEO Julie Becker discusses the importance of transition finance, the challenge posed by over-regulation and the need to act with urgency.

By Kabir Agarwal
Photos: Marc Wilwert | Graphic: Christian Mertes



Over the past decade, what have you seen change the most in sustainable finance, for better or for worse?

I think a lot has changed, and there have been many positive developments. I'd like to highlight three.

The first is that sustainable finance has become mainstream. People understand that climate risk is a financial and stability risk that must be integrated into investment policies.

Investor engagement has also grown significantly. 2021 marked the peak of global sustainable debt, with over a trillion euros in issuances. And despite geopolitical tensions, 2024 was the second-best year on record, with €878 billion in issuances.

The second is innovation in financial instruments. We've seen the emergence of products like sustainability-linked bonds and the acceleration of transition finance. Data and disclosure practices have improved, though access to high-quality impact data is still a challenge.

The third is regulation. This can be both positive and a challenge. We need regulation, but it must be meaningful, balanced, and consistently enforced. Right now, we're dealing with uneven enforcement and fragmentation.

How has the Luxembourg Stock Exchange changed, or where does it situate itself in the world of sustainable finance since its founding?

We established LGX [the Luxembourg Green Exchange], a platform dedicated to sustainable securities, in 2016 and we have seen constant growth since then. The idea was to contribute to the Paris Agreement and the Sustainable Development Goals of the UN, and to help mobilise and redirect capital flows towards sustainable development projects.

Today, it's not only contributing to those development projects, but also to those in emerging markets, where capital is needed the most. This was recognised four years after the creation of LGX by the UN, thanks to an award we received.

We started with just over a hundred green bonds displayed on the platform. We wanted to showcase issuers that were complying with our display requirements and thereby providing the highest levels of transparency. Today, we have more than 2,200 labelled bonds from over 340 issuers in 60 countries. There's been no decrease, even in 2024, contrary to global trends.

However, we must recognise that in 2025 there is a slowdown, linked to geopolitics.

We talk a lot about greenwashing, the risk of pretending some assets or financial instruments are green when they are not.

But there's another trend that's important to highlight: greenhushing – when banks, especially in the US, and asset managers avoid labelling their financial instruments as green out of fear of criticism, scrutiny, or misunderstanding from stakeholders or regulators.

Is that only US-specific?

There are examples in the US, but the same applies in Europe.

Beyond the ESG backlash, investment flows into ESG funds are slowing. Not only because of the backlash but also because of lack of clarity in EU regulation.

For instance, SFDR [the EU's Sustainable Finance Disclosure Regulation] – which is not part of the so-called Omnibus package – has left some uncertainty around the future classification of funds. The current system of Article 8 and Article 9 funds may disappear.

This impacts retail investors. They don't know if a fund is labelled Article 9,

can it truly be considered sustainable? So, it's linked to both elements. In the US, the ESG backlash, and in Europe, a regulatory vacuum. And that creates a lot of uncertainty.

Regulators argue that updates are needed because the world, and how financial instruments are used, changes. So we need reviews from time to time...

I totally agree, but it's also a question of pragmatism and of over-regulation. I heard yesterday that over a term in office, Europe would have had 13,000 new pieces of regulation, while the US only around 3,500.

We are living in an increasingly over-regulated world. Companies risk being sanctioned, so they are discouraged rather than encouraged to accelerate their green transition. Not everything will be perfect from one day to another, which is why it is essential to foster an environment that encourages investors to finance the transition.

The focus should no longer be only on pure green players, but also on issuers

with transition strategies. They won't be 100% green or taxonomy-aligned overnight.

Can you explain that with an example?

Take a fossil fuel company. Many are implementing transition strategies to shift from fossil fuels to renewable energy. But this cannot happen overnight. They need a plan, a timeline, and they need to provide full transparency. And there is one element that is extremely important to bear in mind – transition needs financing. Investors need to support the transition efforts of companies in hard-to-abate sectors so that they can remain viable in 30 years. Otherwise, these companies will become stranded assets, which would hurt portfolios and create financial instability in Europe.

And this could slow down the green transition itself. The impact would be huge on the environment, but also on jobs and economic growth.

But there is this school of thought that believes we should just get rid of all fossil fuel companies...

Which makes no sense. We cannot get rid of them overnight. That would create huge instability. The only solution is to help fossil fuel companies transition. Of course, they need to establish a credible transition pathway, report on it and be transparent.

In July we launched the Transition Finance Gateway to help issuers showcase their transition strategies, make them visible to investors, and encourage those who haven't started yet.

If issuers don't establish a transition pathway or a plan to reach net zero, they risk losing access to capital markets. And that's where exchanges have a role to play: we can facilitate – or condition – access to capital markets.

Coming back to Luxembourg, how have you seen its role evolve? It's a very small country but plays a big role in global finance.

Luxembourg pioneered sustainable finance, with an ecosystem in which you find Luxflag, which was created in 2005. That is ten years before the Paris Agreement. Alfi [the Association of the

Luxembourg Fund Industry] also had sustainable finance as a third pillar of its strategy fifteen years ago. In 2007, the European Investment Bank issued its first green bond.

LGX was created in 2016. The Sustainable Finance Roadmap followed in 2018, then the Luxembourg Sustainable Finance Initiative in 2020.

In 2020, Luxembourg issued the first sustainability bond by a European country and became the first AAA rated sovereign globally to do so.

In 2024, a report from Luxembourg for Finance confirmed that ESG funds are at the heart of Luxembourg's financial system, accounting for 74% of all Ucits assets under management.

What's important is that the government's vision is clear and the speech is consistent. That message has not changed. There is stability, and sustainability remains a core focus. It's one of the five priorities of the Ministry of Finance.

How does the Luxembourg Stock Exchange deal with the challenges of greenwashing?

In the fixed income industry, we almost never face greenwashing. It is a bigger risk in the asset management industry than in capital markets, because in bond issuances, you cannot pretend a project is green when it's not. We request external reviews and have frameworks in place. We require a lot of transparency. If it's called a social project and it's actually not, you can't just pretend that it is.

We are also putting in place processes to ensure the highest level of transparency. We require issuers to disclose, pre-issuance, a green bond framework that will be verified by a second-party opinion. And post-issuance as well, they must provide an allocation report first, and an impact report if possible.



“We are losing time when we should clearly have a sense of urgency”

Julie Becker ,
CEO of the Luxembourg
Stock Exchange

If issuers do not deliver on these transparency requirements, we can withdraw their bond from the platform.

Something else that is extremely important, and that I'm very proud of, is the quality of expertise we have. We have an excellent team of experts on sustainable finance.

What are some recent trends in sustainable finance that you find particularly promising?

The latest example is EU and UK pension funds withdrawing their funds from some asset managers over misalignment with their sustainable investment strategies. Recently, a Dutch pension fund, for example, developed a new investment strategy in which financial performance, risk and sustainability all carry the same weight. This strong focus on sustainability led them to withdraw mandates from some major asset managers. In one case, the mandate represented €14.5 billion.

Do you feel the Luxembourg pension fund should do something similar?

I think any pension fund could do something similar. But that is not my competence.

Coming back to the trends...

Another trend I find promising is sovereigns issuing sustainability-linked bonds.

For instance, Chile issued an SLB and committed, as one of their sustainable performance targets, to ensure that companies monitored by their regulator have 40% gender-balanced boards. If a state makes that kind of commitment, it can inspire the rest of its ecosystem.

Thailand is another example of a sovereign which has issued an SLB, and it's also listed on the Luxembourg Stock exchange. Transition finance is very promising.

Finally, gender finance is also a topic very close to my heart. LGX is now joining forces with 2X to certify future gender bonds and ensure integrity in this market. The goal is to encourage more issuers to embrace these objectives and empower women economically.

What are some of the trends that you find concerning?

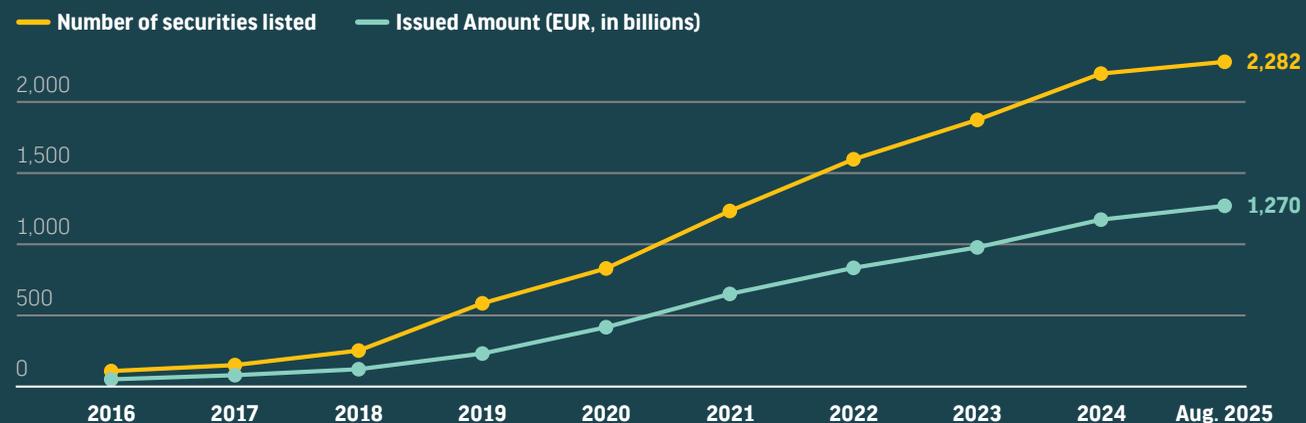
I think in terms of political trends, the lack of stability, clarity and certainty in regulation, especially in Europe. We are losing time when we should clearly have a sense of urgency, and that is very worrying. I really feel that we are not all fully aware of the urgency. We need to increase the pace.

What do you think is holding Europe back from acting with more urgency?

I would say there's a lot of destabilisation – geopolitical, regulatory – which does

HOW THE LUXEMBOURG GREEN EXCHANGE HAS GROWN OVER THE YEARS

Since 2016, the Luxembourg Green Exchange has grown more than twenty-fold, both in the number of sustainable securities listed and the total amount raised.



Source: Luxembourg Green Exchange

“Sustainable finance is transparent finance

Julie Becker ,
CEO of the Luxembourg
Stock Exchange



little to encourage people to move in that direction. We had made real progress in fostering ESG trends, but political and regulatory instability makes it harder to sustain that growth.

It's concerning because we really need massive amounts of capital to make progress on the sustainable development goals.

There's talk of a savings and investments union (SIU) in Europe. Could that help mobilise some of this capital?

Yes. As long as it's supported by financial and fiscal incentives, I'm convinced it could help. Retail investor mobilisation is crucial to help finance sustainable development, support the real economy, and, at the same time, secure their own pensions.

Which is becoming increasingly critical...

Exactly. You're hitting multiple objectives at once by doing so.

How should retail investors think about sustainable finance?

For me, sustainable investment, or sustainable finance, is transparent finance.

It's about understanding where your money and your investment is going. What type of project is it financing? What type of company? And what type of impact are you contributing to? It's about getting information about your investment and understanding what you are supporting.

Investors should not be told what to do or be forced into any standardised model. The main issue with retail investing is the lack of financial literacy and education. This is an important pillar of the SIU. Our mission is to protect investors

by providing the information they need, but they are free to invest – or not – in any type of instrument. It really comes down to transparency, access to information, and relevant data – granular, reliable, up to date – so that all investors can make well-informed investment decisions.

What's your vision for sustainable finance at the Luxembourg Stock Exchange – and in Luxembourg more broadly – over the next ten years?

For now, we are observing a slowdown in sustainable finance, driven by the ESG backlash and lack of clarity in EU regulation. But I believe this will be followed by a renewed acceleration. We should encourage companies to take each step forward rather than discourage them for not being 100% aligned. The EU Green Bond Standard is a gold standard. It's costly and burdensome, but very strong. Still, the European Commission should not discourage issuers trying to align. It's really a question of mindset. We need to value efforts and not lose sight of the opportunity it represents, because there is a real sense of urgency.

My final question is about the CSSF's recent approval of Israeli state bonds. As of 2 September, LuxSE had not received a listing request. How would you respond if such a request came in?

We have not received any request for listing yet. And of course, we would think about that question if it were to happen. But at the same time, I think that if we were to receive such an admission request on our market, a strategic decision would need to be taken together with our shareholders.

This interview has been edited for length and clarity.

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Leading with a climate nexus approach

Luxembourg advances solutions that recognise the link between climate change, biodiversity loss and social equity

As global attention shifts to other pressing issues, it's important to remember that a healthy planet – and the natural resources it provides, such as clean air, water and fertile soil – is essential to our everyday lives. These resources are often taken for granted, yet they require ongoing protection, especially during this critical decade. Sustainability is not just a necessity – it's an opportunity.

By safeguarding the ecological systems that support our wellbeing, Luxembourg can position itself as a leader in emerging global industries. This dual benefit makes the sustainability path our most strategic choice.

Innovation based on science is central to our approach. That's why we've adopted a climate nexus strategy for sustainability at the Ministry of the Environment, Climate and Biodiversity. This means that when we design climate policies and plans, we consider the interconnectedness of climate, biodiversity and social equity.

Our National Energy and Climate Plan (PNEC) integrates both technological and nature-based solutions to reduce greenhouse gas emissions. Building on this, the upcoming Social Climate Plan ensures that everyone can benefit from climate-friendly solutions.

For example, social leasing of electric vehicles targets households vulnerable to income and transport insecurity – an initiative at the intersection of climate and social equity. Similarly, measures supporting sustainable agriculture, agroforestry,

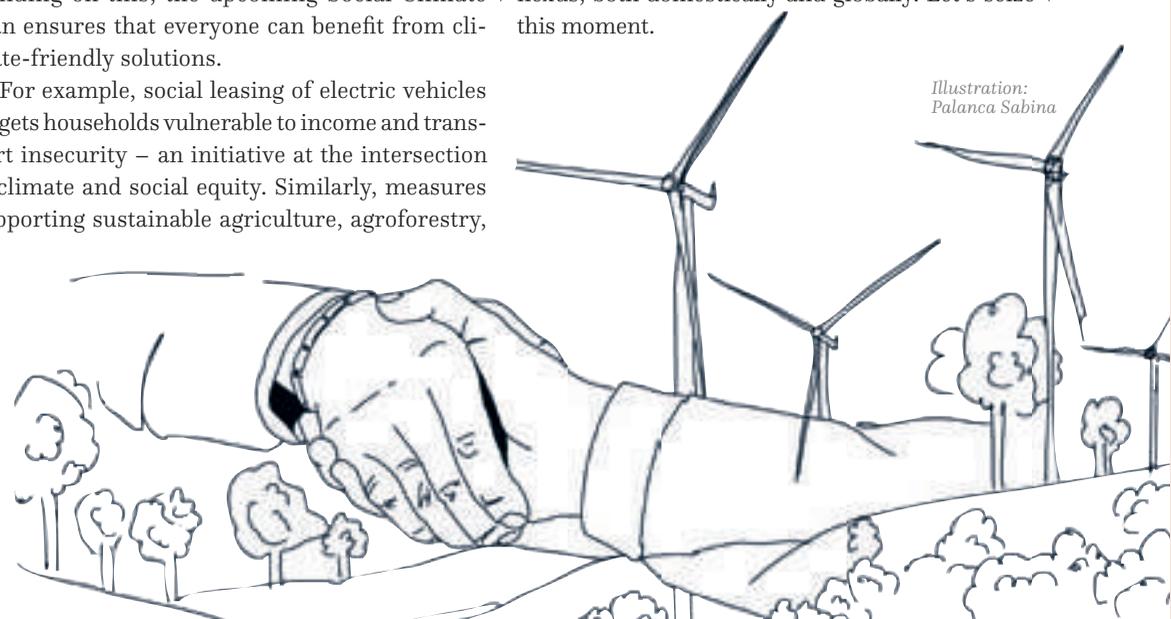
forest management and river renaturation address the climate-biodiversity nexus.

Thanks to its internationally acclaimed leadership in climate finance, Luxembourg is consistently ranked among the highest per-capita donors. Our new Climate Nexus Investment Strategy explicitly links climate and biodiversity finance, leveraging the strength of Luxembourg's financial sector to develop innovative blended finance mechanisms that operate at the intersection of climate, biodiversity and social equity.

Stay tuned for the launch of the first project under this strategy at COP30, the UNFCCC global climate conference, taking place this November in Belém, Brazil.

Climate change is already reshaping our world. Just as China surged ahead in electric vehicles and battery technology, early movers in climate readiness will reap the rewards. We've invested in climate readiness innovation by forging a multi-year collaboration with the University of Luxembourg. And Luxembourg has a competitive edge in sustainable finance and AI technology, which together pave the way for innovative investments at the climate nexus, both domestically and globally. Let's seize this moment.

Illustration: Palanca Sabina



Serge Wilmes
Minister of the Environment, Climate and Biodiversity

Sustainable and innovative mobility: Emile Weber's commitment

On the occasion of its 150th anniversary, the Emile Weber Group reaffirms its pioneering role in sustainable mobility in Luxembourg.

Over the decades, the Group has transformed itself into a major player in public and private transport in Luxembourg and beyond, placing innovation and the environment at the heart of its strategy.

Green mobility and technological innovation

A pioneer in the electrification of its fleet, Emile Weber has systematically invested in electric buses and taxis. This energy transition is part of a comprehensive approach that puts technology at the service of sustainability.

The group does not simply follow trends: it anticipates them by developing smart, connected transport solutions. Launched in 2012, WEBTAXI embodies this vision. From the outset, the service has favoured hybrid vehicles, with a growing proportion of 100% electric models. For Emile Weber, this focus on clean mobility is an integral part of his DNA.



Tailor-made travel: a long-standing expertise

The group's tourism business dates back to the 1960s, with the opening of its first agency in 1972. A founding member of the Luxembourg Tourism Union (ULT), Emile Weber quickly expanded his offering from coach trips to cruises and flights. Today, the group has nearly 14 agencies in Luxembourg, which are part of the Travel Group Luxemburg network. The offering is flexible and personalised: customers can combine flights, cruises, trains or car hire according to their preferences. This tailor-made approach is supported by 'travel designers', who assist customers in creating their holiday, far removed from automated booking platforms.

Trends and evolving destinations

The demand for personalised travel continues to grow. Customers, although more price-conscious, are looking for quality experiences. The 'all-inclusive' model remains popular but is often enhanced with additional options. Destinations in high demand include Asia (Thailand, Vietnam, Japan), Scandinavia (Norway, Sweden, Finland) and Eastern Europe (particularly Albania), which attracts visitors with its good value for money. Classic destinations such as Spain, Italy and France remain popular for more traditional holidays.

B2B synergies and integrated services

While B2C remains central, B2B is playing an increasingly important role in the group's activities. Emile Weber offers a comprehensive range of services to businesses: business travel with FCM Luxembourg, bus hire, event organisation, etc. This ability to offer integrated solutions (mobility, events, travel) from a single point of contact is particularly appreciated for its simplicity and efficiency.

FIVE WAYS TO REDUCE YOUR CARBON FOOTPRINT

Though government policies and business decisions deliver the most impactful change, individual actions and investments could shave off about 20% of CO2 emissions. Here are the most effective ones.

By Tracy Heindrichs | Illustrations: Sabina Palanca

UPDATING YOUR MEAL PLAN

Food generates one third of human-linked greenhouse gas emissions, according to a 2021 study published in *Nature Food*. The majority comes from agriculture and land use, while retail, transport, consumption, waste management, refrigeration and packaging are responsible for 29% of emissions.

Adapting what you eat can shave 0.8 tonnes of CO2 off your emissions. Veganism is the most impactful diet – animal farming accounts for 14.5% of global greenhouse gas emissions, according to the UN – but it can be difficult to adopt. The EAT-Lancet Commission therefore came up with the Planetary Health Diet, which says 80% of calories should come from plant sources and sets an upper limit of 300g of meat per week. Buying seasonal reduces refrigeration-linked emissions, while buying less and eating organic limits agriculture’s impact on the environment.



GOING CAR-FREE

In Luxembourg, 60% of emissions come from transport, though most of it is due to fuel sales to non-residents and businesses. Efforts to reduce emissions have led to mixed results so far: in 2024, transport emissions dropped by 1.4% compared to 2023, said a report from the environment ministry published in August.

Not having a car is the second-most efficient way to reduce your CO2 emissions, says global market research firm Ipsos. A car-free lifestyle could cut 2.4 tonnes of CO2 per year per person. Among the habits to consider are investing in a bike, walking whenever possible or making full use of Luxembourg’s free public transport – though the government must continue to invest in infrastructure to make this the preferable option.



AVOIDING ONE LONG-HAUL FLIGHT

Foregoing one long-distance flight – six hours or more – reduces individual emissions by 1.6 tonnes a year, making it the third-best option to cut your footprint, according to Ipsos.

Direct emissions from aviation made up 4% of European greenhouse gas emissions in 2022 – a rate that could double by 2050 if current trends continue. While in the future e-fuels could reduce aviation’s impact on the environment, flying less is the only way to cut CO2 and non-CO2 plane emissions, says advocacy group Transport & Environment.

Though completely giving up on flying is tricky for some, swapping a beach trip far away for one doable by train can make a difference.



HAVING A SMALLER FAMILY

Fertility rates have already dropped in developed countries – it stands at 1.25 births per woman in Luxembourg – due to many factors, some linked to climate change and anxiety.

Still, a not-uncontroversial 2017 study from Lund University found that the most climate-friendly action a person in a developed country can take is to have a smaller family. Having one fewer child could save 58.6 tonnes of CO2 per year per parent, the analysis estimated. The study looked at the emissions a child and their descendants would generate.

Since its publication, some have brushed aside the proposal, like data scientist Hannah Ritchie who argues that the population decline and demographic peak would be too slow for the time at our disposal to turn things around.

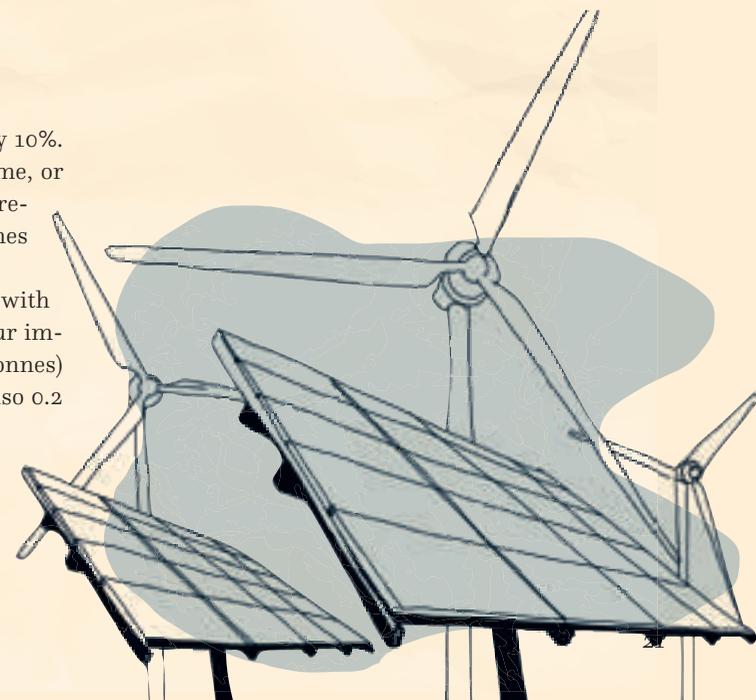


ADAPTING YOUR CONSUMPTION

Individual investments can reduce a person’s footprint by 10%. This means undertaking a thermal renovation of your home, or switching over to green energy. Buying energy only from renewable sources can reduce personal emissions by 1.5 tonnes annually, according to Ipsos.

Though their impact is humble on its own, combined with bigger lifestyle changes, the following can also reduce your impact on the planet: recycling or buying package-free (0.2 tonnes) and hang-drying your cloths rather than tumble drying (also 0.2 tonnes).

According to climate consulting firm Carbone 4, consuming locally and less, buying second-hand and refurbished items, or partaking in the sharing economy can also help.



ADAPT OR FADE: LUXEMBOURG'S RACE TO SUSTAIN ITS LEAD AS A LAND OF PLENTY

Luxembourg's economic success is anything but a given and policymakers must act to help make its wealth sustainable, experts warn.

By Emery P. Dalesio

Photos: Anouk Antony, Chris Karaba and Shutterstock | Graphic: Christian Mertes

Luxembourg stands atop a pile of superlatives: one of the world's richest countries per capita, the world's highest minimum wage, Europe's highest purchasing power, one of the world's freest and most open economies. Peace. Freedom. Democracy. Social cohesion.

But warnings, even doubts, are being raised about whether all this is sustainable.

Economic growth measured by gross domestic product (GDP), productivity, competitiveness, flexibility in public finances, innovation ranking, research spending, foreign investment, jobs expansion and even activity in the crucial banking and insurance sectors are all stagnant or declining.

"The golden age of Luxembourg growth is certainly behind us, at least for the next five years," economic think tank Fondation Idea said in summarising the views of 115 economists, political decision-makers and others responding to an anonymous questionnaire earlier this year.

FACING THE FUTURE THROUGH THE PAST

Maybe Luxembourg is only beginning to recognise it, but it's facing a transformational moment similar to the economic crisis of the 1970s, when the steel industry on which the Grand Duchy then depended was being pulled apart, said Serge Allegrezza, chairman of the advisory National Productivity Council.

The difference between then and now is that there isn't the same shared urgency across society, with the country enjoying the comfort of political procrastination, said Allegrezza, who headed state statistics agency Statec for 21 years.

"Because of the accumulation of wealth, we can afford to do nothing," he said, though that will not last. "We are no more in the '80s and '90s when we thought that everything was possible because of this big growth, and the only problem that we had is how to share this growth."

The worry is that people are looking around and considering whether Luxembourg remains an attractive place for

talent and capital to migrate as regulations multiply, home ownership stays out of reach for many, and living costs make it hard for employers to keep paying the high wages that exerted a pull on the borderlands.

"We have to get used to not experiencing the same dynamics as in the past," national employment agency Adem's director Isabelle Schlessler said after employment growth last year dropped to a historic low of under 1%.

WEALTH CREATION

Perhaps most important of all, Luxembourg just isn't as productive as it used to be.

Economic productivity – a concept similar to profitability for a company – measures what results from using amounts of labour, capital and equipment. Economists view high productivity as crucial to spinning off surpluses that make everyone prosperous and fuel Luxembourg's abundant social model. Because the Grand Duchy's financial and



insurance sectors, vital to the economy since the 1980s, generate high results for the labour used, productivity has been much higher than in neighbouring countries or the eurozone more broadly.

But productivity per hour worked has stagnated since 2010, the National Productivity Council said in its annual report released in March. Productivity slumped between 2021 and 2023 – when it sank below its 2019 level, the council reported. Meanwhile, productivity increased in France, Germany, Belgium and across the eurozone between 2010 and 2023, the council said.

“Over the last ten years or so, the productivity slowdown, a well-known phenomenon in advanced economies, seems to be particularly marked in Luxembourg. And this is a cause for concern,” said University of Luxembourg economist and member of the national council Arnaud Bourgain.

IN THE NUMBERS

At the heart of Luxembourg’s economic future is a stubborn equation: GDP = productivity growth + employment growth.

The more productive the combination of labour, property, machines and other tools are, the more profits are produced, the more that can be distributed, and the more the Grand Duchy attracts new workers and investors.

Luxembourg was about 40% more productive than other countries at the start of this century, but that has been cut in half, according to Statec estimates.

“Other economies are catching up, and it’s becoming harder and harder to find the required manpower,” Statec director Tom Haas said in an interview.

Over the same time, Luxembourg’s GDP, which has supported public finances and pension funds for decades, will fall to 1-2% in the foreseeable future from a

3-4% norm a decade ago, Statec and the European Commission predict.

STAYING UPBEAT

Though trend lines show that wealth creation, productivity and foreign investment have declined, Luxembourg’s economy is likely to be the envy of most of the world for years.

Luxembourg ranked seventh for innovation out of 39 EU and neighbouring countries in the European Commission’s annual ranking this year.

“The country’s economy is extremely dynamic and offers a favourable entrepreneurial culture, which is supported by a long tradition in terms of entrepreneurial education and training,” the report by outside experts said.

But the Grand Duchy’s innovation performance since 2018 was far less than the EU as a whole, with strong decreases in venture capital expenditures and employment in innovative enterprises, the report said. Investment in research and development, one measure of economic progress, accounts for less than 1% of its

“The current model is not sustainable

Serge Allegrezza,
Chairman of the National
Productivity Council

GDP and has declined over time. Luxembourg climbed back into the world’s top 20 for competitiveness in the latest comparison by the Swiss-based IMD business school, thanks to the ranking model’s high regard for the country’s government efficiency. Economic performance was down from tenth globally five years ago to 35th last year, according to IMD.

The country also climbed into the top 20 in last year’s innovation rankings by the World Intellectual Property Organization, a UN agency.

“Is Luxembourg still in the race?” accounting and consulting giant PwC wondered in a blog post last year. “We are fairly certain that Luxembourg will stay in this race,” the firm said, but “the Grand Duchy needs to address its weak



“Other economies are catching up

Tom Haas,
Director of Statec

spots, such as the high cost of labour, the lack of affordable housing, and the above-mentioned remarkably low investment level in R&D.”

ADAPTING AGAIN

National leaders recognised years ago that it was unwise to depend on the financial sector to continue generating a quarter of national GDP. They’ve been trying to encourage space, communication, logistics, tourism, e-commerce and biotechnology companies with subsidies to launch and hire, and to develop new innovations.

With Luxembourg’s housing and commuting opportunities increasingly limited, “maintaining high and sustainable growth [...] requires a shift from rapid growth in the labour force from immigration to a new growth model based on technical innovation and upgrading the skills of the current population,” the Organisation for Economic Co-operation and Development (OECD) said in a report this spring.

While mushrooming use of artificial intelligence could have a beneficial economic impact, especially in the financial sector, its effect over the next decade is projected by Statec to equate to about a third of the overall technological productivity impact that Luxembourg achieved during the 20th Century, Haas said.

“AI could help, but it’s only a slight shift upwards,” he said.

Statec’s and Haas’s projections through 2070 span from pessimistic – slow productivity and low investment – to a cheerier result in which private companies are incentivised to spend more on advancing technologies and Luxembourg keeps its notable productivity advantage for decades.

If trends of the past 20 years hold, “other economies slowly converge to our economy in terms of productivity level.

And this means that at one point we will not have higher disposable income anymore. We will reach a point where it will be close to impossible to attract migrants because we cannot offer higher wages,” Haas said.

What matters, he says, is whether the country chooses to keep evolving – or watches as others catch up.

“Why should Luxembourg always have a more dynamic economy than other countries? Well, one answer would be because we are a small country and we are able to adapt quicker than big countries,” Haas said. “The economic system is sustainable if we maintain this capacity to adapt.”

If that adaptability falters and Luxembourg doesn’t confront an older population that requires increased public spending, maintains current tax policies, opts against using available open land in favour of keeping green space,

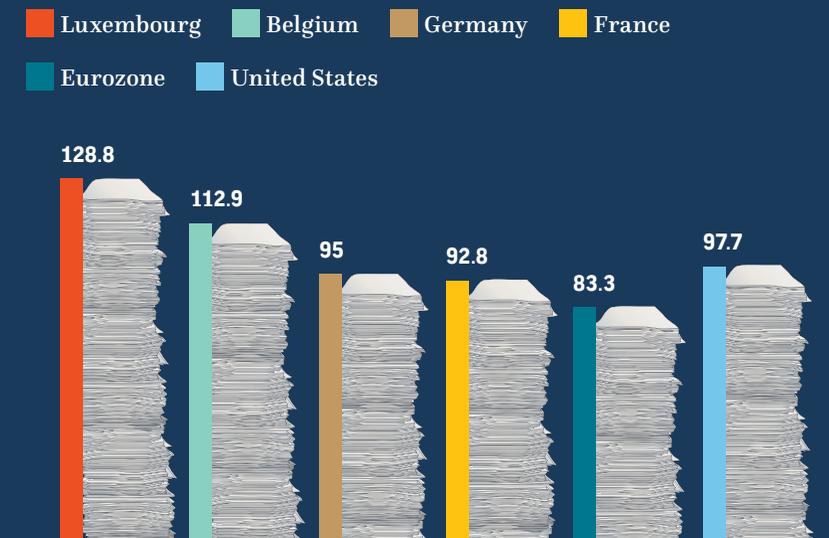
and rejects high-rise housing, then the outcome is clear, Haas said. But then the country will have made a choice, he said.

With targeted reforms, productivity gains, and diversification into high value-added sectors, sustainability can be restored, Allegrezza said. Maybe that will come from innovations we can’t know, or artificial intelligence having a bigger impact than many can foresee, he said.

The important thing is ensuring a social stability that is one of Luxembourg’s top attractions for companies, Allegrezza said. If a technological revolution is already bubbling under our feet, plans are needed now to let people enjoy decent, useful, productive work and avoid the social fragmentation that breeds resentment, he said.

“The current model is not sustainable,” Allegrezza said. “I don’t want to give a message [that] I’m a doomsayer. I believe that we can do a lot.”

WORKER PRODUCTIVITY, 2023



Figures represent gross value added per hour worked in 2023, expressed in purchasing power parity (PPP) and current prices in US dollars.

Source: OECD

The ESG reckoning

Three key figures from the world of sustainable finance reflect on what still works, what doesn't, and how to fix it – offering perspectives from the frontlines of regulation, institutional investing and policy coordination at a time when ESG faces growing scrutiny.

By **Kabir Agarwal** | Photos: KLP, LSFI, Norton Rose Fulbright

Once heralded as the finance industry's best shot at doing good while doing well, ESG (environmental, social and governance criteria) is now at something of a crossroads. From the initial wave of optimism and bandwagon-jumping by asset managers, corporates, investors and rating agencies alike, the mood has shifted.

Since Russia's invasion of Ukraine, and the inflation shock that followed, there's been a noticeable pullback – particularly among major investors. Energy security trumped energy transition. Short-term returns reclaimed their place above long-term impact. And in the US, ESG turned into a culture war, with lawsuits, political boycotts and regulatory whiplash clouding the landscape.

Meanwhile, developing countries have raised their own concerns, questioning whether ESG frameworks serve their needs or simply reinforce global capital imbalances. Critics argue the label has become elastic, applied to everything and nothing. Defenders say that's exactly why regulation is needed.

In Europe, that has meant a deluge of new rules, designed to restore trust, end greenwashing and turn vague commitments into verifiable action. From the Sustainable Finance Disclosure Regulation (SFDR) to the EU Taxonomy and the Corporate Sustainability Reporting Directive (CSRD), the

aim is clarity and comparability. In practice, it has meant complexity and confusion.

Luxembourg, home to over €5 trillion in fund assets, sits at the heart of this transition. The country has moved fast to implement EU rules, offering regulatory guidance while avoiding gold-plating. But like its peers, it's now wrestling with growing compliance demands, market uncertainty, and louder pushback from both sides of the ESG debate.

In this dossier, three key voices offer perspectives on the current state of play in the world of sustainable investing and what to expect moving forward.

Nicoletta Centofanti, head of the Luxembourg Sustainable Finance Initiative (LSFI), points to unreliable ESG data and complex rules as major hurdles. She sees technology and standardisation as part of the solution and says the LSFI is already working on it.

Kiran Aziz, head of responsible investments at the Norwegian Pension Company KLP, explains how large institutional investors can act responsibly and drive change, but also acknowledges the limits of their influence in a world shaped by geopolitics and short-term incentives.

Cyril Clugnac, a funds lawyer at Norton Rose Fulbright, explains how the various EU laws around sustainable finance interact with each other, and points out that at times they can be too complex for both managers and investors.



“Our vision is for Luxembourg to be a global centre for sustainable finance”

The sustainability strategist

Nicoletta Centofanti is CEO of the Luxembourg Sustainable Finance Initiative, which promotes sustainable finance and coordination in Luxembourg.

What role has the LSFI played in Luxembourg's sustainable finance leadership?

The Luxembourg Sustainable Finance Initiative, which celebrates its fifth anniversary this year, was established at a time when sustainable finance had already made significant strides in the country. A notable example of this progress is the significant rebound in Luxembourg-domiciled ESG funds, reaching €3,247.7 billion by the end of June 2024. Among many pioneering initiatives such as the Luxembourg Green Exchange and LuxFlag, we can also cite Accelerating Impact, which powers the International Social Finance Accelerator (ISFA), and the International Climate Finance Accelerator (ICFA). Another recent achievement is the creation of the Gender Finance Taskforce by the Ministry of Finance in 2024.

What's holding back the scale-up of sustainable finance?

Limited access to reliable ESG data is definitely a significant challenge in sustainable finance, complicating further comparability and accountability required by European regulations. Transparency of data is also crucial for investors to understand their investments' environmental and social impacts. Regulation complexity and uncertainty have also become a challenge.

How can innovation and tech help solve these challenges?

In my view, technology is both a barrier and an opportunity that needs to be addressed. A recent report from our working group highlights these challenges. Recommendations include developing accessible, standardised ESG product classifications and improving disclosure frameworks to enhance ESG compliance. The LSFI is also committed to leveraging innovation for sustainable finance and has already followed through with it.

How have rules and markets shaped Luxembourg's sustainable finance sector?

Regulation and the market are intrinsically linked when it comes to sustainable finance, and have, in recent years, advanced in tandem. It is true that EU regulation has helped further push the market towards sustainable finance. The Grand Duchy has been ahead of the curve in sustainable finance, acknowledging the role of public-private partnerships as fundamental even before the EU regulation came into force.

How is Luxembourg responding to ESG slowdown and greenwashing concerns?

As a long-standing global pioneer in sustainable finance, Luxembourg keeps in line with its commitment to being a hub for sustainable finance. The LSFI agenda does not shift, nor does our priority to drive change across the whole ecosystem. Our vision is for Luxembourg to be a global centre for sustainable finance.

What must Luxembourg prioritise to stay a sustainable finance leader?

The Grand Duchy must continue following its pathway: strengthening awareness, expertise and practical sense of initiative fuelled by public-private collaboration and followed by concrete action. The LSFI has a pivotal role to play here, with mobilising all finance professionals on the topic and upskilling them with resources publicly available to everyone. Despite the roadblocks, sustainable finance remains a top priority in Luxembourg and Europe.

The enforcer

Kiran Aziz is head of responsible investments at Norway's largest pension company, KLP. In recent years, she has overseen the fund's exclusion of several companies from its portfolio over alleged human rights violations and environmental concerns.

What does your day-to-day at KLP involve?

KLP is Norway's largest private pension company. Our mandate is to deliver long-term returns, but there's a clear expectation that we do this responsibly. My job uses three tools: engagement, voting and exclusion.

First, we engage with companies, especially where there are risks like exposure to conflict zones or sectors like mining. Second, we vote at AGMs. Board composition matters for us as long-term investors.

Third, exclusion – if engagement fails and the company breaches our guidelines. We also reassess exclusions if conditions change.

KLP recently excluded several companies. How do you reach such decisions?

We always engage with companies first. In the recent cases – Caterpillar, ThyssenKrupp and Oshkosh – it started with a report from the UN High Commissioner for Human Rights. It showed these companies contributed to human rights violations in Gaza.

When we get such information, especially from a credible body like the UN, we reach out to the companies. We ask what kind of due diligence they've done, and what measures they've taken to mitigate risk. In these cases, the companies responded but didn't address our concerns or demonstrate effective mitigation. So, exclusion became the tool we used. It's a way to reduce our association with unacceptable conduct, especially when no satisfactory steps have been taken.

Has the landscape for responsible and sustainable investment changed in the last few years?

Yes. Two years ago, it was easier to work on sustainable finance. But with political changes, especially in the US, it's become harder. We weren't used to thinking about political risk there.

But now it's real, especially around shareholder rights like voting. We're also seeing more geopolitical risk, but it's still hard to define for investors. And when governments fail to uphold international law, like in Gaza, our ability to have impact is limited.

What can finance realistically do to revive sustainable investing?

We must take responsibility for what we can do. We can direct capital and signal expectations to companies and sectors. But we also need to be more vocal with policymakers, explain the obstacles we face and where their action is essential.

There's a mismatch between short-term financial incentives and long-term sustainability goals. Our mandates are long-term, but we're judged on short-term results.

That's a systemic challenge, and we have to be realistic about what we can achieve with those constraints.

How do you handle dilemmas like mining – essential for the green transition, but ethically complex?

Responsible and sustainable investing involves constant dilemmas. Mining is essential for the green transition but involves serious risks, like forced labour and environmental harm.

Chinese companies dominate this space, but many aren't transparent. We can't just exclude the sector. We would still be exposed indirectly through Western companies using them as suppliers.

So we engage. Over the past three years, we've reached out to around 40 Chinese companies – some respond, some don't.



“Our mandates are long-term, but we're judged on short-term results”

The legal expert

Cyril Clugnac is a senior investment management and investment funds lawyer at Norton Rose Fulbright's Luxembourg office. He advises asset managers on EU sustainability regulation and compliance.

Where does Europe's ESG regulation stand, and how is Luxembourg positioned?

Everything started with the European Commission's action plan on financing sustainable growth. The idea was to bring more transparency on everything that was done in relation to ESG and reconcile what was promoted with what was actually done. That implied putting in place a disclosure framework all along the chain and ensuring the data collected were consistent and comparable. The first layer was the SFDR. Then came the EU taxonomy. More recently, we've seen rules targeting operational companies in the real economy.

How do these ESG rules – like the SFDR, taxonomy and Esma fund-naming guidelines – work together?

They are supposed to work together. But they were not all put in place at the same time, which created problems. The SFDR and taxonomy interact around sustainable investments. An Article 8 or Article 9 fund can align with the EU taxonomy to categorise its investments. The CSRD and CSDDD (Corporate Sustainability Due Diligence Directive) rules collect the data that feed into SFDR and taxonomy disclosures. Esma's (European Securities and Markets Authority) fund naming rules are more standalone, aimed at preventing greenwashing.

How has Luxembourg implemented these rules?

Luxembourg has been proactive in aligning with EU rules. The CSSF (Financial Sector Supervisory Commission) has issued FAQs, circulars and streamlined processes for compliance. One exception is the CSRD, which hasn't been transposed yet.

Are there still loopholes in the framework?

Most have been closed. Financial products now face stringent transparency obligations. They must disclose what they do, what they've achieved, what they haven't, and explain their strategy. It's complex and resource-intensive, and collecting the right data is still a challenge. But it's no longer possible to promote ESG claims without accountability.

Will the proposed SFDR review change how Article 8 and 9 work?

It is hard to say. One proposal is to introduce labels instead of the current categories. There's a consensus SFDR needs to be streamlined, but many don't support labels. Labels would be less flexible and require firms to redo all their compliance work. Even if introduced, I doubt they'd fully replace Articles 8 and 9. Maybe they'll be used in parallel.

What would make ESG rules more effective?

We need to streamline how the different rules interact. Too many obligations create complexity for managers and confusion for investors. Also, we need disclosures that are easier to understand and focused on what the end investor actually wants to know.

What should investors prepare for in the coming year?

Watch the SFDR review – it could bring changes. Also, CSRD is a major topic. Rules are shifting, deadlines are moving. It's creating uncertainty, especially for managers. Those are the two big ones to follow.

Interviews have been edited for length and clarity.



“We need disclosures that are easier to understand and focused on what investors want to know”



Beyond pledges: Finance for concrete climate action

At COP30, finance must prove it funds true solutions, not just promises.

In the coming weeks, world leaders, investors, and policymakers will gather at the COP30 summit to accelerate collective action against the climate crisis. Finance will once again be in the spotlight, not only as a provider of capital, but as a guarantor of credibility. The question is not whether capital is flowing, but whether it is flowing where it truly matters.

Over the past decade, sustainable finance has experienced extraordinary growth. ESG strategies, green bonds and impact investment products have become mainstream, reflecting both investor demand and regulatory pressure. Yet this rapid expansion has also raised doubts. Are these investments genuinely driving change, or are they merely responding to a marketing trend? In a time when accusations of greenwashing dominate headlines, credibility is as valuable as capital itself.

Regulators worldwide are moving to close gaps in transparency, requiring clearer disclosures and measurable outcomes. These rules are essential, but they cannot succeed in isolation. The financial industry must embrace a culture of accountability that goes beyond compliance. Independent scrutiny, rigorous standards and consistent reporting of real-world outcomes are indispensable if sustainable finance is to maintain legitimacy.

COP30 provides a timely reminder that the scale of global challenges leaves no room for complacency. Climate change, biodiversity loss and persistent social inequalities are interconnected threats that demand systemic solutions. The finance industry must demonstrate not only that capital is being mobilised, but that it is mo-

bilised responsibly, with tangible and lasting impacts.

This requires moving from intention to implementation, from pledges to proofs. Whether funding renewable energy in emerging markets, accelerating the Just Transition or supporting social resilience, investments must be measured by outcomes, not only intentions. Investors, regulators and civil society increasingly demand evidence that money is contributing to the goals of the Paris Agreement and the Sustainable Development Agenda, this year marking their 10th anniversary.

The decisive decade ahead will test whether sustainable finance can live up to its promise. If credibility falters, trust will erode, and the opportunity to position finance as a true lever for systemic change may be lost. If credibility is safeguarded, however, sustainable finance can serve as the backbone of the global transition.

The next chapter will not be defined by the size of commitments announced at global summits, but by the real impact delivered in communities, ecosystems and economies worldwide. The measure of success will not be pledges, but proofs.

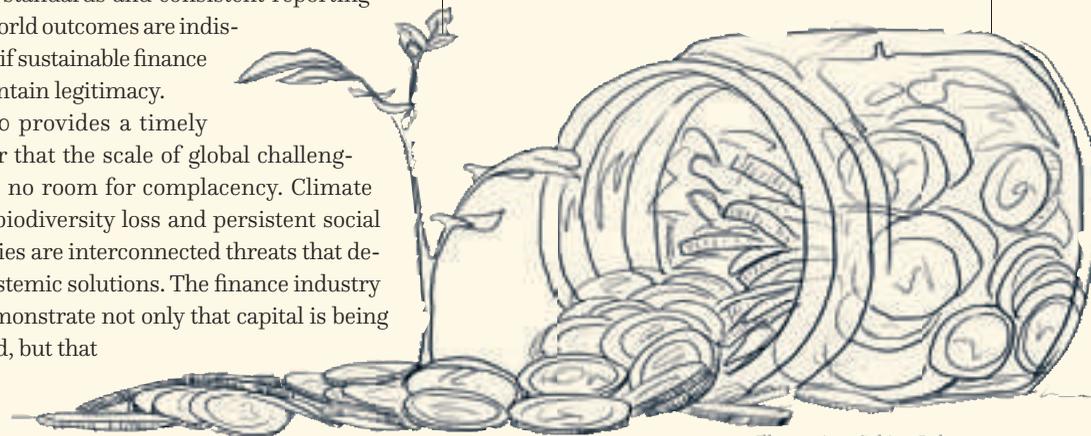


Illustration: Sabina Palanca



Isabelle Delas
CEO of Luxflag

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How ‘green’ terms influence investors

European rules on how green investment funds are described changed in 2021, 2023 and 2024, and could shift yet again in the next two to three years.

By Aaron Grunwald | Photo: Marc Wilwert | Graphic: Christian Mertes

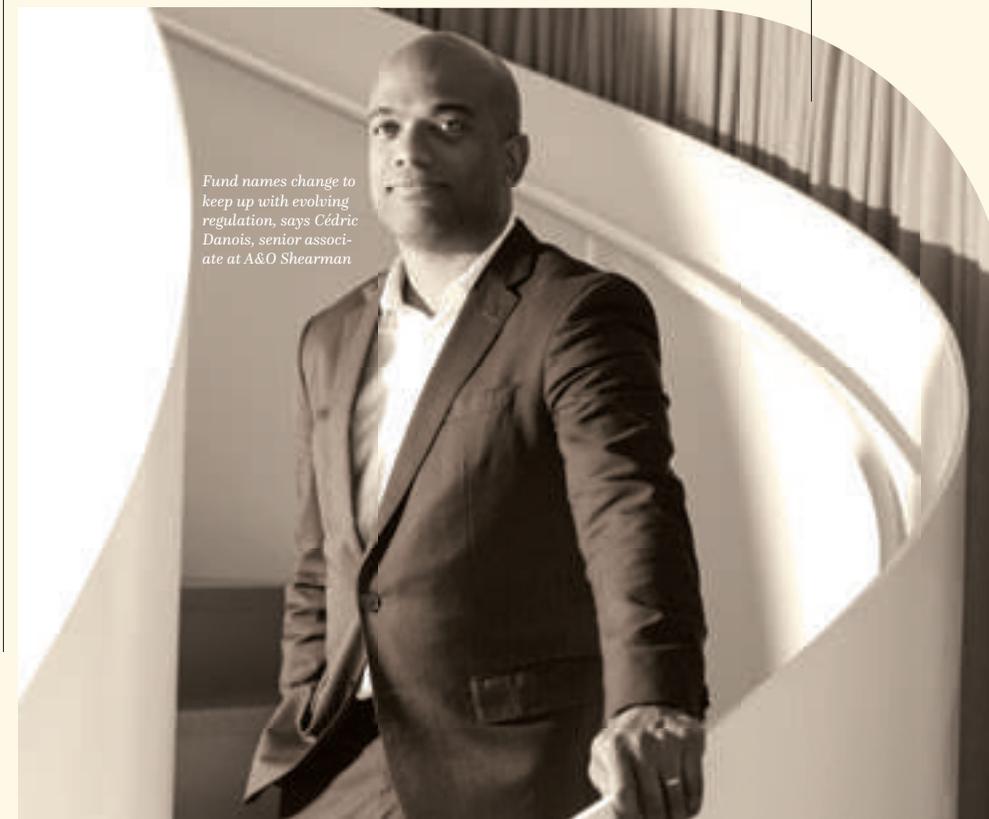
“What’s in a name? That which we call a rose / By any other name would smell as sweet,” Juliet tells Romeo in William Shakespeare’s classic play. When it comes to environmentally responsible investing, the name of the fund and how it is described has influenced the noses of investors.

Between 2019 and 2024, the total value of assets in sustainable investment funds doubled to more than €2.5 trillion globally, with four-fifths based in Europe, according to the New Financial think tank. Asset managers logically jumped on the bandwagon and predictably some were accused of greenwashing, or misleading investors about their environmental credentials.

In May 2024, the European Securities and Markets Authority (Esma) tightened rules on using terms like “ESG”, “sustainable” and “climate” in investment fund names, since that is the most prominent message investors will see about a fund. To use such a term, the minimum amount of investments aligned with environmental or social objectives went from 50% to 80%.

Asset managers spend a considerable amount in administrative, legal and marketing expenses to rename a fund, but the revised guidelines

were serious. Data from MSCI, which runs several stock market indices, found that asset managers cut “ESG” (which stands for environmental, social and governance criteria) from a quarter of funds and “sustainable” from a fifth (see graphic above).

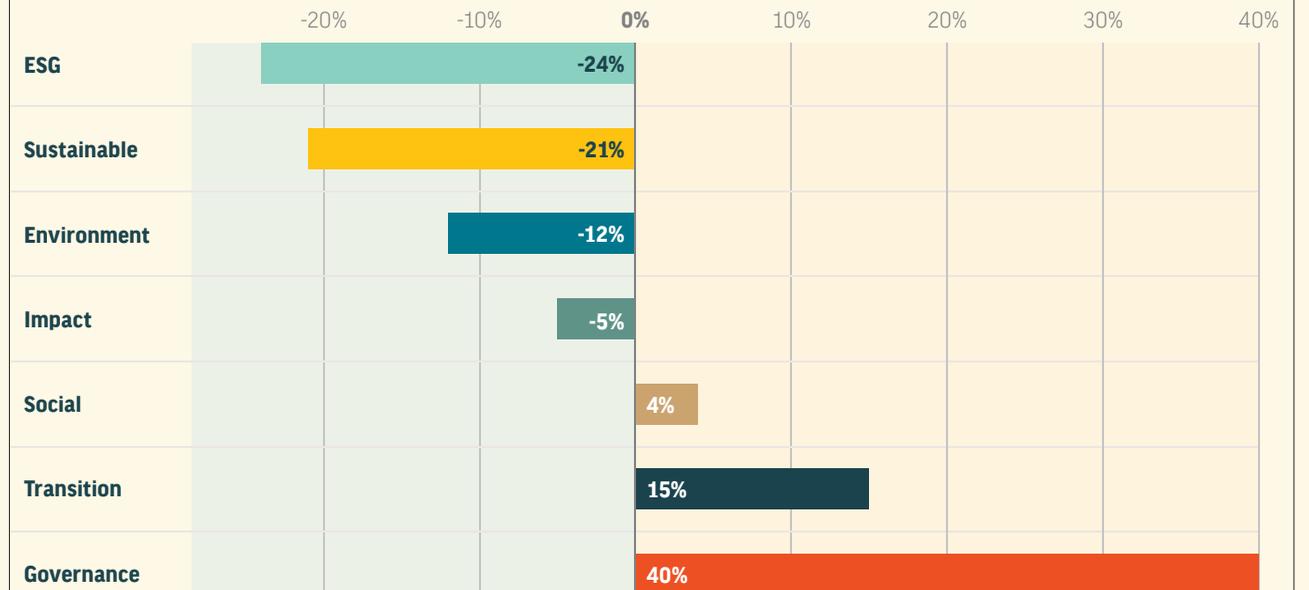


Fund names change to keep up with evolving regulation, says Cédric Danois, senior associate at A&O Shearman

“We cannot claim entirely that this difference is greenwashing”

Denitsa Stefanova

PERCENTAGE OF SUSTAINABILITY-LINKED WORDS CHANGED IN EUROPEAN FUND NAMES FOLLOWING INTRODUCTION OF STRICTER GUIDELINES IN MAY 2024



Source: MSCI Research, data as of 20 May 2025

Similarity with SFDR realignment

Cédric Danois, senior associate at the law firm A&O Shearman in Luxembourg, sees a parallel between the recent wave of fund name changes and a previous period when funds reclassified themselves between Article 8 and Article 9 of the Sustainable Finance Disclosure Regulation (SFDR).

Under the SFDR, Article 8 funds use sustainable criteria in their investment process, Article 9 funds have a sustainable objective for their investments, while Article 6 funds make no sustainability claims.

But “between 2021 and 2023 we did not have any clear definition of what sustainable investments meant,” Danois said in an interview. While the SFDR started taking effect in 2021, Brussels did not publish full guidelines until two years later. The regulation contained a general definition. However, “the financial market did not really know what it meant exactly in practice” until the European Commission “published clear

guidance” in 2023, he said. That meant the market had to readjust and switch some investment funds between Article 8 and Article 9 classifications.

“This is exactly the same thing we are seeing in terms of fund names,” said Danois. Asset managers dropped “sustainability” from fund names in response to the new rules.

“It is very important to keep in mind that the dropping of [a word or phrase in a] fund name is not necessarily linked to greenwashing, because the market is adjusting itself as the regulation is evolving,” Danois said. And the evolution will continue, as the European Commission is already reviewing the SFDR. “It is expected that the new regime will be published by 2027/2028.”

Labels influence investors

The SFDR did not intend for Articles 8 and 9 to be used as marketing labels or stamps of approval, but the classifications ended up being used that way by many financial firms and investors.

Similarly, a fund's name has a major impact on its sales prospects, said Denitsa Stefanova, an associate professor of finance at the University of Luxembourg.

A recent study co-authored by Stefanova investigated the disparate criteria used by ESG ratings agencies, which investors heavily rely on. "This lack of standardisation has opened up huge divergences across rating providers and that reflects on how investors perceive the sustainability profile of funds and then how they allocate their [capital] if they have preferences for green investments," Stefanova commented.

Using scientifically filtered data, "we find things that are very curious, very different," she said. Funds' ESG ratings do not necessarily correspond to the academic researchers' measure of sustainability. "So there is some mismatch."

"Of course, we cannot claim entirely that this difference is greenwashing," Stefanova stated. "But it is suggestive that there is a certain lack of objectivity in these ratings. And why is that? Because the ESG ratings of companies are typically built upon [...] company-reported policies and there is no strictly verifiable or harmonised approach [at] the firm level."

"For example, firms within the utility sector may appear to be very highly rated in terms of environmental performance, even though on an absolute scale we know that they are some of the greatest polluters. Why is that? Because ratings typically reflect the environmental policies that these firms engage in relative to their peer group," Stefanova said.

Based on how utility firms decide to report their own data, a "whole industry subgroup appears to have good sustainability standing because they have a lot of policies that are reflected [and] they disclose a lot about the policies." In other words, companies can boost their scores by being good at reporting data and providing lots of figures.

The research covered US mutual funds, meaning European funds may or may not have performed better, Stefanova noted. Yet, given their collective size, US mutual funds are likely "representative of the global fund market," she said. The study covered 2015 to 2023, so did not account for recent regulatory changes.

The study also looked at how "capital allocations of investors are actually related to these ratings – whether investors react to them – and we know that they do," Stefanova explained.

The researchers screened funds that Morningstar had identified with "green", "sustainable" and similar labels. They found that investors turned to funds labelled as sustainable if they were already predisposed to sustainable investments.

"Investors only care about" labels if they are interested in a sustainable development goal, and ignore them "if they're not," Stefanova said.

In other words, the labels make a difference for investors seeking sustainable investments, but do not draw in fresh investors into the segment. "This is quite, quite important" since the labels are subjective. "That's why we need some harmonisation in these metrics and make them more objective or verifiable."

Difficult to quantify

Clarity may not come any time soon. Dirk Zetzsche, a professor of financial law at the University of Luxembourg, said the European Commission has paused its development of a "coherent approach to greenwashing" as part of its campaign to cut red tape.

"Regulating greenwashing is about allocating the costs of 'hard scientific evidence' across various dimensions. Most often, enterprises consider one of several sustainability dimensions and have collected data on that, yet the understanding of sustainability may also entail other dimensions," he said about the difficulty of setting anti-greenwashing rules that firms, officials and activists are satisfied with.

"Think of a child benefitting from healthy air in the Global North due to lesser pollution.

If the pollution reduction comes at a cost of greater pollution, let's say, in Africa, the emphasis of more healthy children as a marketing tool is misleading from one perspective, but not from the other perspective," Zetzsche said. "Which perspective matters for which dimension of sustainability is what the EU greenwashing rule project was about."

"Regulating greenwashing is about allocating the costs of 'hard scientific evidence'"

Dirk Zetzsche

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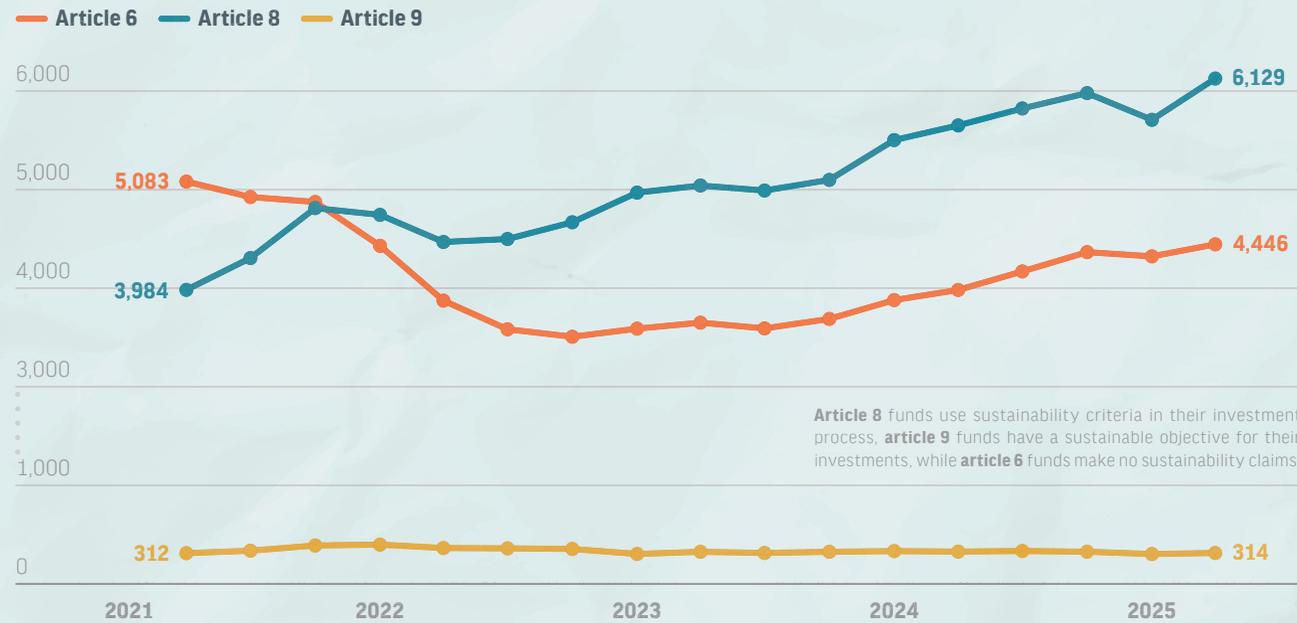
SUSTAINABLE FINANCE

Growth in green financial products has slowed since 2023

By Aaron Grunwald | Graphics: Christian Mertes

TOTAL NET ASSETS

European investment funds, by Sustainable Finance Disclosure Regulation (SFDR) classification

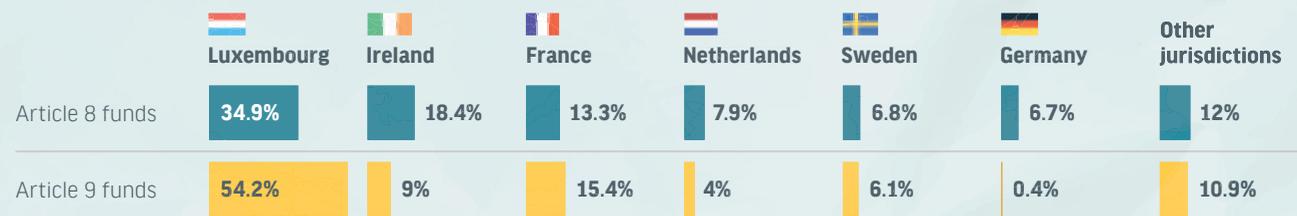


Article 8 funds use sustainability criteria in their investment process, article 9 funds have a sustainable objective for their investments, while article 6 funds make no sustainability claims.

In billions of euros | Source: Morningstar Direct, Morningstar Sustainalytics

GEOGRAPHIC MARKET SHARE OF INVESTMENT FUNDS BY SFDR CLASSIFICATION

Percent of total, Q4 2024



Source: Efama and Morningstar. Belgium, Finland, Denmark, Norway, Spain, Italy and Austria each had 1-2% market shares.

ORGANIC GROWTH RATES BY SFDR CLASSIFICATION

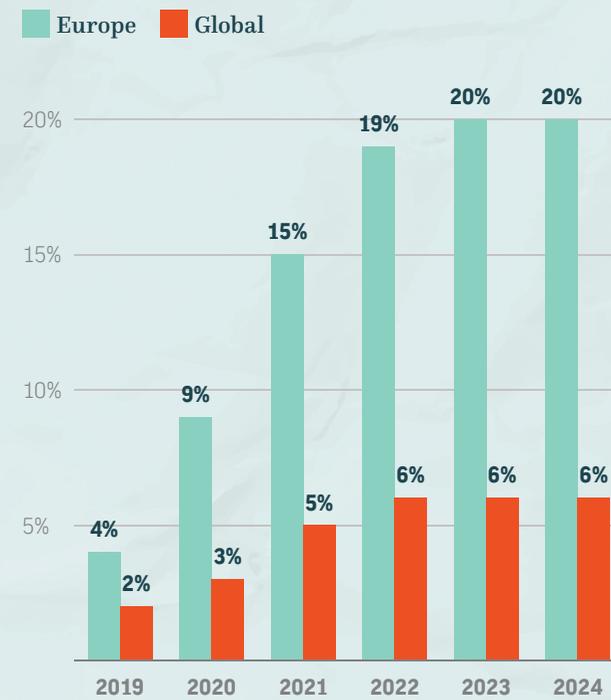
Cumulative fund flows for each quarter divided by the beginning total net assets, excluding fund mergers and market fluctuations



Source: Morningstar Direct, Morningstar Sustainalytics

PENETRATION OF ESG INVESTMENT FUNDS

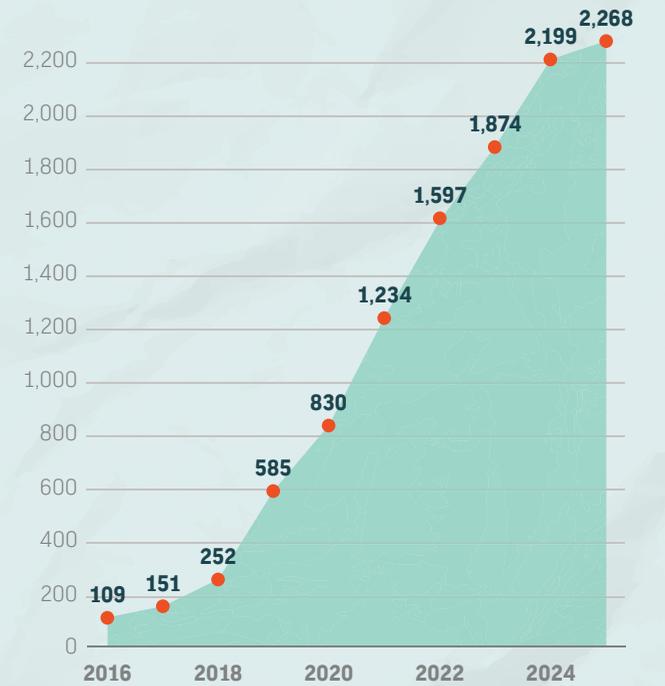
Percentage of total market at year-end



Source: New Financial analysis of Morningstar Direct data

SUSTAINABLE BONDS IN LUXEMBOURG

Cumulative number listed on the Luxembourg Green Exchange at year-end



Source: Luxembourg Stock Exchange. Green, social, sustainability and sustainability-linked (IGSS) bonds, as of 30 June 2025.

“We are on the right track

Bradley Ladewig,
Paul Wurth Chair of Energy
Process Engineering

The valley that is a **bridge**

Luxembourg Hydrogen Valley will direct the local energy shift in a sustainable direction... as long as it can fail successfully, says its coordinator at the University of Luxembourg and vice dean of the Faculty of Science, Technology and Medicine, Professor Bradley Ladewig.

By Alex E. Stevansson | Photo: Gerry Huberty

What is a hydrogen valley?

In one location you bring together the elements of the value chain: from production of renewable energy (sometimes that's brought in from outside) to the production of renewable hydrogen using an electrolyser. Then you need to compress it, take it up to a much higher pressure, you need to store it on site to some extent, and you need to transport it to where you're going to use it.

In our case, those transport distances are very, very short. Our main mobility off-taker, Sales-Lentz, is literally located adjacent to where we will produce the green hydrogen. They'll refuel buses directly at the production site. And we have a major industrial off-taker, Ceratizit, that has two production sites within about 10-12km.

€8 million from Brussels, plus a very substantial amount of funding from the national government, means the project will now almost certainly go ahead in Bascharage.

I understand green hydrogen is up to six-times more expensive than hydrogen from natural gas.

I would challenge the multiplier of six. It's extremely location dependent. If you are a refinery working in one of the major northwestern European ports, you have access to natural gas and if you try and replace that with renewable hydrogen made by electrolysis, maybe it would be three, four, five times more expensive.

But we're here in Luxembourg. There's no refinery here, there's no large-scale producer, there's no producer of any type of hydrogen here. You have to bring it in from outside and pay very high transport costs to do so.

Fossil hydrogen appears cheaper only if you don't fully calculate the cost of the CO₂ emissions that are associated with it. This is changing rapidly in Europe. We have an emissions trading scheme just about to be expanded in a second phase, which will mean a lot more elements of the economy will be incorporated. Decarbonisation doesn't come for free: we have to sometimes accept that there will be higher costs because we're moving to something better.

The renewable hydrogen revolution has been envisaged since the 1970s. How can we nudge it along?

At a very rough breakdown, the electricity alone accounts for 70-80% of the cost of renewable hydrogen, so all that's really required to have a massive reduction in the production cost is to go to the places in the world that have very low renewable energy costs.

Proposed large scale renewable hydrogen projects in Europe are typically in the far north where we have large reserves of hydroelectricity, or they're in the far south, typically in Spain, where we have very good solar resources. In those places, the economics of making hydrogen are far more attractive than in cloudy, rainy Luxembourg or Germany. Even better is to go to Brazil, Australia, Morocco, Algeria, Saudi Arabia. The challenge is transport, because in those locations where you can produce it very cheaply, there's often not a big demand for the hydrogen. In Brazil, they are building green ammonia plants. They make green hydrogen, combine it with nitrogen from the atmosphere to make ammonia, which can be much more easily transported. But whether you convert that ammonia back to hydrogen or you directly use the ammonia in a chemical or industrial process is not quite clear yet.

Converting electricity into hydrogen, then into ammonia, and potentially back again likely involves significant efficiency losses?

There's a lot of losses along the way, but there's also a lot of benefits to trying to work with ammonia. At the moment, ammonia is produced on a massive scale all around the world using natural gas and it's quite an emissions-intensive industry. Even if we don't find any new applications for ammonia than the biggest one today, fertilisers, if we just converted all current consumption to green ammonia, this itself would lead to a massive global reduction in CO2 emissions. That alone is worth doing.

Ammonia is NH₃, so hydrogen does have to be in ammonia. You cannot go from water and atmospheric nitrogen to ammonia. You have to first create the hydrogen and then combine it.

It sounds like renewable hydrogen could be central to the green transition. Do you have advice for politicians?

I actually believe we are on the right track. Recently, the national government awarded funding for two pilot scale hydrogen projects. In the longer term, Luxembourgish industry and the national government are working on pipelines. At European level, some of the first big industries that will use renewable hydrogen is low-carbon steel.

This industry is not taking off as fast as some people would like, but I think the important elements are in place. One important one is the Carbon Border Adjustment Mechanism, CBAM. The fundamental principle is that if you produce in Europe, operating under our emissions trading schemes and meeting our requirements, you shouldn't be subject to unfair competition from imports produced in another region. Steel will be

one of the first products regulated with respect to CBAM.

Do we need a steel industry in Europe? The answer is absolutely yes, because a lot of manufacturing that occurs with steel as a main input material happens within a small area around a steel producer. I see it as fundamental to the future of society, of our economy, industries, the stability of our nations and our defence, that we have a sustainable manufacturing industry, and especially things like the steel industry. It's not optional.

One of the biggest hydrogen valley disappointments to date was in Australia. What advice do you have for Luxembourg to succeed?

I know people that worked on one hydrogen project in Australia that was planning to export to Singapore and Japan and recently shut down. I knew quite a lot about the technical aspects of that project, and it was relatively viable. At the end of the day, they went from no real industrial renewable hydrogen projects, to – in one step – try and go to multi-gigawatt scale. That is a very ambitious thing to do.

That project was planning to ship hydrogen to markets in East Asia using ships that haven't been built yet. But we are producing for end users in our neighbourhood. We are going from zero to five megawatts, eventually to make 500 tonnes per year, which in the grand scheme of hydrogen production facilities is not large.

Every first-of-a-kind project has things you didn't expect and have to solve. When those things come up in a multi-gigawatt scale project, they can cost you such enormous sums that you lose the whole project.

If everything goes well here, one day it could organically grow huge anyway?

“We have to sometimes accept that there will be higher costs

Bradley Ladewig,
Paul Wurth Chair of Energy
Process Engineering

I can tell with a lot of confidence what the long-term picture here will be: our hydrogen valley, to use a mixed metaphor, is a bridge. It's a valley that's a bridge.

The bridge goes from today, where we have no local production and no pipelines, to a future where we have pipelines.

It might take ten years or more until we have those pipelines. If you only start the decarbonisation when the pipeline is here, we may have already lost some of those industries because they couldn't decarbonise the way they needed to. We bridge from where we are today through a decarbonisation pathway to a future point where ten, a hundred, a thousand-times more hydrogen will be available through these pipelines than we can produce, and at a lower cost. We have to get us to that point. If our facility only runs for ten years, that will be okay because we've fulfilled our task: we bridged the gap between the present and a future where larger scale low-cost renewable hydrogen by pipeline exists for Luxembourg.

This interview has been edited for length and clarity.

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GREEN PARTIES SEEK TO REVIVE POLITICAL MOMENTUM

Despite dispiriting elections results in Luxembourg and across most of Europe over the last two years, parties with an ecological agenda are not giving up the fight.

Text: John Monaghan and Duncan Roberts
Photos: Lex Kleren, Eva Krins and Marc Wilwert
Graphic: Christian Mertes

In the face of bruising election losses in 2023 and 2024, Green parties in Luxembourg and Europe have been regrouping as they seek to recapture the wave of popularity they enjoyed just five or six years earlier.

The 2023 Luxembourg general election result was a “slap in the face” for déi Gréng, the party’s co-president François Benoy admits.

The Greens’ share of the vote fell by more than 6.5 percentage points to just 8.55% and the party lost five seats in the Chamber of Deputies.

External factors played a role in the poor showing two years ago, said Benoy in an interview, most notably the international context of Russia’s invasion of Ukraine and the impact that had on energy prices and purchasing power, as well as the slow recovery from the Covid-19 pandemic and the rise in populism in Europe.

Terry Reintke, a member of the European Parliament for Germany and co-president of the Green bloc in the EU assembly, agrees with that argument. There were “manifold” factors for the losses suffered by the Greens across Europe, she told the *Luxembourg Times*, adding that voters had been “deeply unsettled” by the impact of issues such as war, inflation and the US tariff threat.

But Benoy also suggested that the vagaries of Luxembourg’s electoral system – proportional representation spread across four constituencies of significantly different size – did not help the Greens at the national elections. “It was only by a very small margin that we didn’t win an additional seat in two constituencies,” he said.

That would have given the Greens six seats in the Chamber of Deputies, the same it had after the 2013 elections when the party first entered government in a coalition with the liberal DP and the

socialist LSAP parties. Crucially, it would also have surpassed the five-seat threshold required to form an official parliamentary faction, which brings with it a range of financial and political advantages in the chamber.

EUROPEAN TREND

The shattering national election result was a trend replicated across Europe, with the Greens slumping in the European Parliament and kicked out of coalition governments by voters in several countries.

In last year’s EU elections, the Greens/European Free Alliance bloc secured 53 seats, falling from a record high of 74 just five years earlier. Brexit hit the size of the grouping hard, as it lost seven MEPs in total as a result of Britain’s departure from the EU and the subsequent redistribution of seats.

The results were all the more spectacularly bad because the previous European election in 2019 had marked a high point, with the Greens becoming the second-largest party by vote share and seats in Germany, and occupying third spot by the same metric in Luxembourg and France.

In the 2018 national parliamentary elections in the Grand Duchy, déi Gréng’s strong showing – winning a 15.12% share of the vote (an increase of close to 5 percentage points) and nine seats in the Chamber of Deputies – is credited with saving the coalition formed five years earlier with the DP and LSAP parties (which both lost seats).

In the two short years between 2019 and 2021, Greens entered national coalition governments in seven EU countries – Austria, Germany, Bulgaria, Ireland, Spain, Belgium and Finland – in addition to Luxembourg and Sweden, where they had already been part of the national coalition since 2014.

“The green transition can only happen with the support of society”

Terry Reintke

However, in a stark illustration of the party’s loss of appeal to voters in recent years, the Greens remain in government in just one of those nine countries, Spain.

Just two other EU governments – Poland and Latvia – currently comprise Green members.

TOO MUCH, TOO SOON

In Luxembourg, Benoy acknowledged that during its ten years in government, déi Gréng may have overstretched themselves. “Maybe we did go too far and were too motivated to get things done. We may have made too many demands on the population,” he said.

The Luxembourg Greens were about much more than ecology and proved as much during the ten years that they were in coalition between 2013 and 2023, Benoy said. “Our time in national government strengthened the party, allowed us to solidify our base support and tackle the themes that matter – ecology, but also social justice and democracy.”

Green ministers held the environment, sustainability and energy portfolios during the first coalition with the LSAP and DP but also took charge of the justice ministry. Under the second Xavier Bettel government, the Greens were rewarded for their strong showing with a fifth minister in the cabinet and taking control of the defence, transport, housing and culture ministries.

Those ten years in power, as well as in several communes in which the Greens were part of a majority coalition, proved that the party has the ability to govern, said Benoy. “But above all, it proved that we could deliver. If there is one thing that our opponents do not reproach us for, it’s that we didn’t implement policies.”

But the 2023 elections were an indicator, Benoy said, of a trend towards populism and the rise of the far-right. And that has affected not just Green political parties but also ecological movements and environmental lobby groups.

“Conservative and far-right parties sell people the lie that climate policies are just harmful to the economy, that the progress of the past years has to be reversed and that everything can stay as it has always been,” Reintke said.

The new EU parliament is the most right-wing in its history, with parties on the right – including the centre-right European People’s Party (EPP) – winning the most seats last year, enabling Ursula von der Leyen to remain in her role as European Commission president.

Green campaigners have accused the commission and parliament of an assault on climate goals since the elections, citing measures such as two additional years for carmakers to meet pollution targets and the watering down of sustainable finance rules in the so-called Omnibus packages ostensibly aimed at simplifying business regulations.

In July, the commission proposed a 2040 target to cut carbon emissions by 90% from 1990 levels. However, the plan includes a proposal for countries to offset their emissions through a controversial system of international carbon credits, which allows the bloc to outsource part of the efforts by funding climate projects in developing nations and claiming credit for reductions.

The measures are the logical conclusion of the election results, said Reintke,

which ensured there “would be more of an EPP agenda”. But she insisted her party will robustly defend the European Green Deal, a set of policy initiatives agreed by EU leaders aimed at ultimately making the bloc climate neutral by 2050.

“She [von der Leyen] underestimated a bit the beast she awakened with simplification, because every backward-looking lobby, like for example the fossil fuels industry, is now jumping on it,” said Reintke.

“In the parliament, we have to deal with an EPP that has decided, along with the far-right, to attack already agreed legislation of their own commission president,” added the German MEP.

Luxembourg’s CSV party, led by Prime Minister Luc Frieden, belongs to the EPP grouping and has also taken a crack at some of the ecological policies implemented by the previous government. For example, in its coalition programme, the CSV-DP government said it wanted to “ensure that legal provisions relating to environmental protection do not lead to unnecessarily lengthy authorisation procedures [for building housing]. Superfluous procedures will be eliminated.”

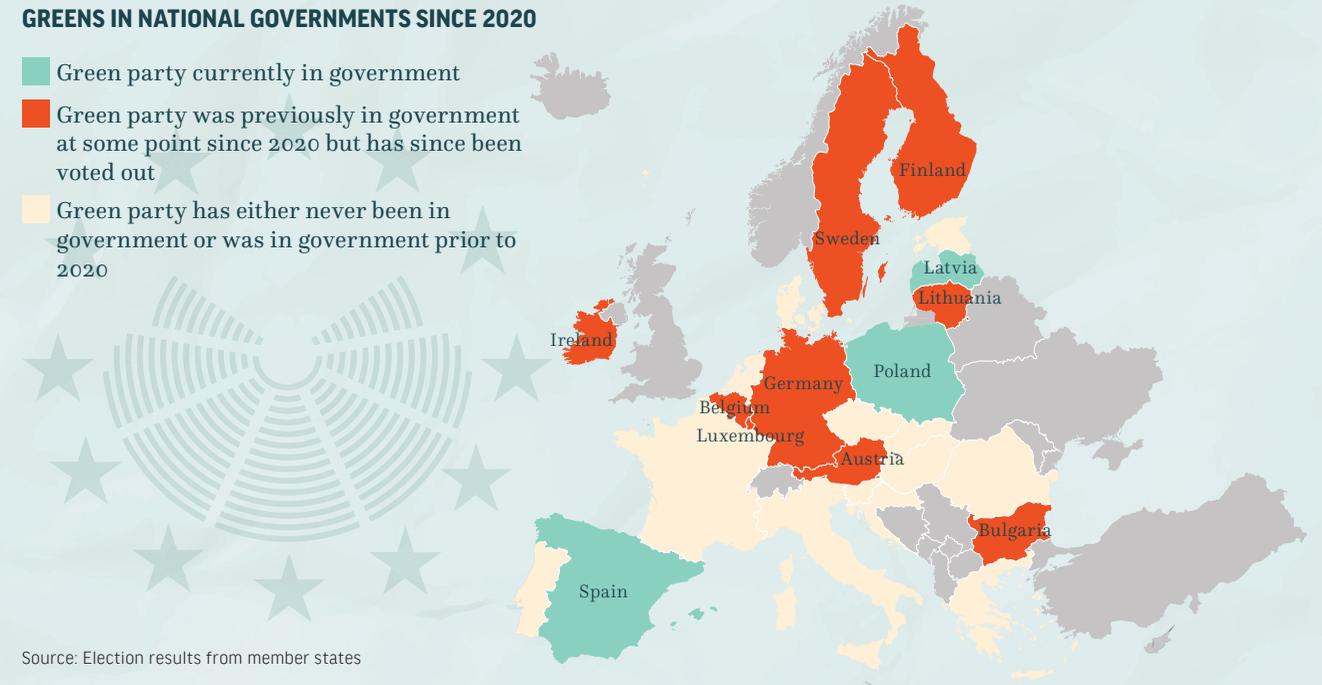
Benoy is not happy. “Ecology is totally missing from this government,” he said. “They are on the road to deregulation. Which is nonsense in the context of the record heat waves we have experienced in Europe this summer. We need more environmental protection, not less.”

Reintke stressed that her party has “always supported simplification efforts” amid claims from opponents that too much green regulation is hurting businesses. “But the question now is, how this simplification agenda will be carried out. What we will not accept is deregulation and rolling back the Green Deal,” she said.

Benoy, too, is adamant that his party will continue the good fight. In opposition, the Greens are the “guarantors” of

GREENS IN NATIONAL GOVERNMENTS SINCE 2020

- Green party currently in government
- Green party was previously in government at some point since 2020 but has since been voted out
- Green party has either never been in government or was in government prior to 2020



Source: Election results from member states

NUMBER OF GREEN DEPUTIES ELECTED TO LUXEMBOURG PARLIAMENT

- Green deputies elected (as Green Alternative in 1984, as Green Alternative and Green List Ecological Initiative in 1989, as Green party from 1994 onwards)
- Deputies from other parties elected



Source: Inter-Parliamentary Union

NUMBER OF GREEN MEMBERS ELECTED TO EUROPEAN PARLIAMENT

- Green deputies elected (as Rainbow Group in 1984, as Green Group in 1989 and as Greens/European Free Alliance from 1999 onwards)
- Deputies from other parties elected



Source: European Parliament



defending the environment, he said. And ecological issues are part of social justice, he added, arguing that it is the poor who suffer most from climate change, as people with the means generally live in housing that has better energy efficiency and they can also afford to escape the heat in the summer by travelling to cooler climes.

Former justice and culture minister Sam Tanson has at times appeared to be the de facto leader of the left-leaning opposition in parliament and in the media, even though déi Gréng are only the third biggest party on the opposition benches behind the LSAP and the right-wing ADR. Benoy is full of praise. “She is immensely knowledgeable and a strong politician. She is the one person who stands out as having really challenged the government.”

Indeed, Benoy argues that the current government is “trampling” on the so-called Luxembourg model of social

dialogue with union and employer representatives, especially in the way that it has handled its planned pensions reform.

CAMPAIGNERS DISBAND

Earlier this year in the UK, the campaign group Just Stop Oil announced it was disbanding after three years of disruptive protests, including blocking roads, throwing soup over a Van Gogh painting and smashing a cabinet at the British Library containing a copy of the Magna Carta.

The group claimed that the fact that its demand for the granting of new oil and gas licences to be halted became British government policy showed its success, but surveys, such as a YouGov poll in 2023, showed a clear majority of voters disapproved of their tactics.

Reintke said she understands the desire behind such radical activism but also

“The Greens will continue to play an important role in the political landscape

François Benoy

indicated that an unsupportive public mood had forced the group to reconsider their campaign.

“Looking at how slow politics sometimes acts to fight climate change, I understand the frustration,” said Reintke. “At the same time, we know: the green transition can only happen with the support of society, not against it.”

Benoy is cautiously optimistic. Despite the poor election results, the Greens in Luxembourg have maintained steady membership numbers, hovering around the 1,000 mark, he said. “Over the 40 years since our party was founded, there have been good and bad times.”

The party may not instantly regain the height of popularity it enjoyed six or seven years ago. That was a period when Luxembourg, like much of Europe, was experiencing what Benoy called a “Green wave” exemplified by the Fridays for Future marches that started in 2018. But although students initiated that movement, Benoy says that déi Gréng are not only attracting young members. “They are coming from across all sectors of society.”

“I am confident that in the future the Greens will continue to play an important role in the political landscape,” Benoy said. “It is noticeable from the opinion polls that the themes that are our core subjects are important to voters. Even if there is a tendency towards populism and the right, that doesn’t mean that people don’t care about climate change or nature.”



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**Housing is changing.
And so is your bank.**

By Heledd Pritchard

You are what you eat – and so is our planet

Simple tips to eat healthily and sustainably and reduce food waste.

You pick up a tomato at the supermarket. It's firm, bright, perfectly ripe. But how much thought do you give to where it came from or how it was produced?

The ingredients we put in our shopping baskets do not only impact our health but also the way food is cultivated and the land it comes from, says nutritionist Camilla Sardelli.

“Processed foods deplete our health and destroy our planet because they demand energy to produce and they often come wrapped in plastic,” Sardelli said. “We should try to choose foods from farms doing regenerative farming where they preserve the soil, which helps create nutrients for future crops.

It's important we think about how the soil is treated.” Farmers who care for their land keep their soil healthy, attract pollinators and support biodiversity. They follow good practices like planting different crops together, avoiding growing just one type of crop, and moving livestock between pastures to help the land recover and grow.

In some countries, such as Spain, the ground can be deprived from nutrients because the same crops are grown over and over, Sardelli said. “Diversity is better for us because we get a good, nutritious diet and it benefits pollinators,” she added.

FOOD WASTE

Food waste greatly harms the environment too. Due to food waste, almost a third of agricultural land is exploited for no reason and 250 cubic kilometres of water – three times the capacity of Lake Geneva – is used each year to cultivate crops which end up in our bins, data from the Ministry of Agriculture, Food and Viticulture shows.

Households are responsible for 53% of food waste in Luxembourg, the ministry found.

Earlier this year, five Luxembourg high school students launched an app in a bid to reduce food waste. Leftovers enables retailers to sell baskets made up of the day's unsold produce at a reduced price and customers pick up their selected basket from the store.

Planning meals for the week ahead is a clever way of reducing waste, Sardelli said. “Plan three or four meals for the week and then think about having two or three days eating leftovers or free-styling,” she said. “Have a focal point to your meal. You can start with taking two or three vegetables or you can take a source of protein and think what you would like to prepare with it.”

SARDELLI'S TIPS TO REDUCE FOOD WASTE

- When buying meat, use as much as you can. Make broth from bones and store in ice cube trays if you don't want to consume immediately. Consider buying offal such as liver or kidneys.
- Grow your own food or herbs – possible even if you have no outside space.
- Buy ‘ugly’ fruit and vegetables.
- Use some spare time to prepare vegetables and freeze them.
- Use all parts of vegetables, for example carrot tops to make pesto.
- Use leftover vegetables and meat to make a soup.
- Batch cook so that your week is organised. If you end up with too much, freeze some of it.
- Move items in the fridge and cupboards so the ones with the earliest use-by date are at the front.
- Don't go to the supermarket when you are hungry.

By Sarita Rao

Where to buy and sell second-hand

If you're looking to buy or sell second-hand furniture, designer or vintage wear, baby items or toys, take a look at our list of shops and local online groups.

CLOTHES

There are numerous shops in Luxembourg that sell vintage clothes second-hand, but only a few also buy for resale:

Dress & Co | 19 Rue des Capucins

High-end clothing and accessories in first and second-hand women's fashion, including brands like Sandro, Maje, Karen Millen and Karl Lagerfeld. The perfect place to look for handbags and shoes. They have a sales service you can use to sell your fashion items and a garage sale service.

Royal Second-hand | 13 Boulevard Royal

Luxury designer brands and larger sizes, this shop gets mixed reviews, depending on what you consider a bargain, but it certainly has its fans. You can also sell your designer cast-offs if they are in good condition.

First & Second-hand Concept Store | 120 Val St Croix

Cocktail dresses, designer bags and shoes, served up in beautiful premises. Most items are for women, but there are some for men, and they sell your ex-designer clobber for a cut.

Formeaux | 18 Rue Philippe II

Curated vintage sportswear, streetwear and designer clothes from the 1990s.

Most items are carefully sourced and targeted at the younger generation.

AA Warehouse | 136 Rue de Bettembourg, Fentange

1960s to 1990s vintage items, hand-picked, and delivered with a youthful vibe and in-store DJs, that will attract any retro-loving teen.

Think original Adidas, Fila and Nike with unusual vintage jewellery and accessories.

DONATE CLOTHES

- **Dress for Success** collects professional wear such as suits and shirts to help women return to the workplace and make a good impression at a job interview.
- **Centre de Collecte et de Tri** collects clothing for refugees, migrants and homeless people. You can take items to the centre in Livange or to 20 collection points across Luxembourg.
- **Kleederstuff** distributes donated clothes to socially disadvantaged people or sells them in its charity shop.

SELL, BUY OR DONATE TOYS

Facebook groups allow you to sell or search for toys, games and kid's equipment:

- **Kid's Corner** – with more than 10,000 members it's the biggest group in Luxembourg.
- **Big Kid's Corner** – items for children aged 6 years and up.
- **Free your stuff Luxembourg kids** – 8,600 members with many items for free.
- **Second-hand baby and child stuff Luxembourg** – 8,500 members dedicated to younger children.



Photo: Shutterstock

CNDS Taba employs marginalised people to repair and refurbish toys for families and social institutions. Items can be donated on Tuesdays and Thursdays at their centre in Walferdange.

FURNITURE

CNDS Nei Aarbecht employs people who need to gain structure to their day and autonomy of living. Workers collect items and repair them for sale in the store, which is a good place to go for beds, wardrobes, sofas, bookshelves, cutlery and plates. Send photos of furniture you want to donate together with your contact details to neiaarbecht@cnds.lu. Items are collected.

Luxembourg City Flea Market – an outdoor street market held on a Sunday every other month at Place Guillaume II, where you can sell or buy second-hand items.

Angloinfo has a classified section with furniture and decorative items put up for sale by individuals.

Free your stuff Luxembourg (the original) is a Facebook group with more than 70,000 followers where you can advertise or search for free items, whilst **Sell & Buy Luxembourg** Facebook group has everything from second-hand cars to garden furniture.

LUXEMBOURG'S WEEKLY MARKETS

| | |
|-----------|--|
| Tuesday | Diekirch pedestrian zone Bettembourg , Church Square Kayl , Place Fred Coullen Esch-sur-Alzette , Place de l'Hôtel de Ville |
| Wednesday | Luxembourg City , Place Guillaume II |
| Thursday | Luxembourg City , Place de Paris Dudelange , Place de l'Hôtel de Ville Differdange , Place du Marché |
| Friday | Ettelbruck , Place de l'Église Esch-sur-Alzette , Place de l'Hôtel de Ville |
| Saturday | Luxembourg City , Place Guillaume II |

By Heledd Pritchard

From costly to comfy: smart home upgrades

Expert tips on improving your home's energy efficiency.

Many of us are rethinking how we live and looking for ways to reduce our impact on the planet – and a good place to start is at home.

Making changes to a property doesn't only result in a more environmental-friendly building but also makes it a more pleasant place to live, and it can add value.

"There are small measures that can be implemented and renovating a home for energy efficiency doesn't have to be an all-or-nothing approach," said Fenn Faber, director of Klima-Agence, an agency assisting people free-of-charge with home sustainability projects.

Small changes range from insulating the basement ceiling, the attic floor or the roller shutter box, checking window seals, optimising the existing heating system, installing a photovoltaic system, or using digital thermostatic valves.

Most changes improve the home's energy rating – an important criteria when selling a property. "The energy rating is becoming increasingly important, not only for potential buyers but also for banks when applying for a loan and within the context of national subsidies for instance for energy renovation projects," Faber said.

A home with a good energy rating can save money on energy bills as a well-insulated home requires less heating in winter and improves overall comfort, providing more stable temperatures in all seasons.



Photo: Shutterstock

Making a home more sustainable "can certainly contribute to increasing the value of your home" but it also depends on factors such as the property's location and market conditions, Faber said.

The government's Klimabonus programme provides subsidies for those carrying out energy renovations or building a sustainable home, and communes and energy suppliers may give additional financial aid.

Before carrying out works on a property, the owner must contact the commune to check if it is necessary to obtain a permit. In most cases, installing photovoltaic panels, for example, requires submitting a building permit to the commune or at the very least a declaration of works, said Sarah Juchems, Klima-Agence's advisory and operational implementation manager.

Deciding which works to carry out depends on several factors, mainly the existing energy situation, budget and technical feasibility, Juchems explained.

These measures generally fall into two categories:

- Homes older than +/- 20 years: Insulation, window replacement, replacing fossil-fuel heating systems with renewable alternatives, installing solar panels to produce solar energy.

- Houses younger than +/- 20 years: Installing a photovoltaic system, optimising or replacing the existing heating system and potentially insulating building components if they are not yet insulated.

Luxembourg enforces strict energy efficiency standards for new-build homes, requiring regulated insulation and the use of heat pumps as the typical heating system.

Since 2017, new buildings must follow the Nearly Zero Energy Building (NZEB) standard.

"Other aspects that can be further optimised include the choice of insulation and construction materials, the integration of photovoltaic systems and charging stations for electric cars, rain-water collection tanks, green roofs, ventilation systems, and intelligent control of household appliances and heating," Juchems said.

Klima-Agence offers independent and free consultations. An expert visits the property and, based on the homeowner's priorities, assesses which measures will have the greatest impact. The advisor guides the homeowner through the various stages of the project and provides information regarding subsidies.



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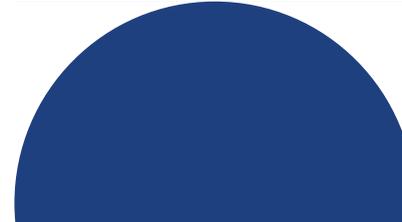
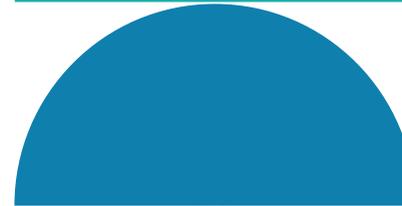
Extraordinary
Student
Learning



Beyond the
Classroom



Community
Based School



Ask the Expert

How do I invest more sustainably?

Spuerkeess' Claude Hirtzig explains what to look for and the main risks.

Question: I want to invest some of my money more sustainably. How do I know if a product is verified as sustainable? What should I look out for in sustainable products? And what are the main risks?

Answer by Claude Hirtzig, head of retail banking at Spuerkeess:

Sustainable investing is not a niche or a short-term fashion – it is here to stay and it is a powerful way to align your financial objectives with your personal values. But with so many products claiming to be “green” or “ethical”, how can you be sure your money is appropriately invested and is truly making a difference?

What to look for in sustainable investments

1. Verified official standards and certified sustainability labels

The most reliable way to identify sustainable investments is through regulatory classifications. In Europe, the Sustainable Finance Disclosure Regulation (SFDR) classifies funds into three categories:

- Article 6: Traditional funds with no sustainability focus.
- Article 8: Funds that promote environmental or social characteristics.
- Article 9: Impact funds that aim to achieve specific sustainability goals.



Privately organised sustainability and ESG ratings and labels are numerous and your banker can help you navigate this maze.

2. Specific ESG criteria

ESG stands for environmental, social and governance. Your portfolio or fund may emphasise one or all of those topics, by investing in assets or companies aligning their business model with those criteria. Companies may be obliged to publish – or voluntarily disclose – performance indicators to reflect their stance in that respect.

A strong ESG score may indicate that a company is well-managed and forward-thinking – qualities that can also reduce long-term financial risk.

3. Transparency and reporting

If you are willing to invest in sustainable investments, look for funds or other assets that clearly disclose their ESG methodology, publish regular impact reports, and are managed by firms with a credible track record in sustainable finance.

What are the risks?

Like any investment, sustainable products carry risks:

- Performance volatility: ESG funds may underperform in the short

term if they exclude certain sectors (e.g. fossil fuels).

- Regulatory shifts: Definitions of sustainability are evolving, which can affect fund classification.
- Data inconsistency: ESG ratings can vary between providers due to differing methodologies.

Final tip

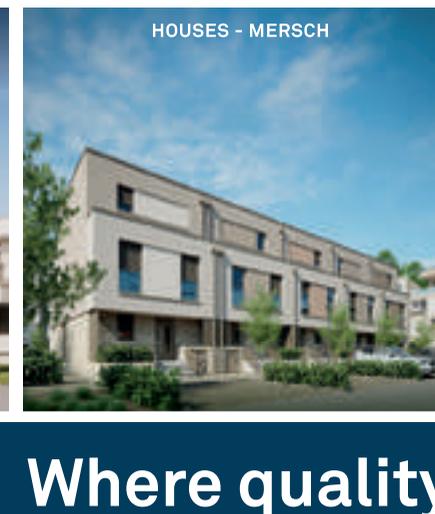
Speak with a financial advisor as they can help you navigate sustainable options that match your risk profile and values, whether you prefer to invest independently or through managed portfolios. Sustainable investing isn't just about doing good – it's about doing well, too.

Claude Hirtzig is head of retail banking at Spuerkeess, a position he has held since 2014. He is also senior vice president and a member of the extended management of the state savings bank.

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PRESERVING THE PAST, BUILDING THE FUTURE

Shaaf Milani-Nia explains how the City of Luxembourg is working to combine preserving protected heritage sites with sustainability goals.

By Lucrezia Reale
Photos: Marc Wilwert and Christophe Olinger

Luxembourg is a city of contrasts: historic and modern, compact yet diverse, rooted in the past but evolving rapidly. Its fortress walls and layered history have earned Unesco World Heritage recognition.

As the city grows, it faces a pressing question: how can heritage preservation and sustainability go hand in hand?

Shaaf Milani-Nia, Unesco site manager and architect-director of the City of Luxembourg, believes the answer lies in creating accessible, adaptable and resilient urban spaces where future generations can thrive.

In this interview, she reflects on heritage management amid shifting frameworks, new needs, and thinking sustainably about how spaces are built, used and lived in.

Luxembourg is historic, modern and rapidly changing. How does its

heritage fit into today's sustainability challenges?

Heritage in an urban context can be a lot of things. The oldest parts of any city are the most sustainable because they've been reused over years, decades, centuries, sometimes even millennia.

The inscribed World Heritage area includes a core zone and a buffer zone, covering roughly four and a half of the city's 24 districts, which is really a central part of the city. When you think specifically from the perspective of a World Heritage Site, you don't just consider the buildings you have to maintain for public use; you also have to consider the areas of the city in a broader context.

But our last major regulatory update was eight to ten years ago. Now it's time to ask: how do we open perspectives for everyone living and working in these areas so they are fit for the future? This comes with challenges, because once you



are listed as a World Heritage Site, traditionally things focus on conservation – which is good – but they look at things within a specific timeframe, the period recognised as having ‘outstanding universal value’ (OUV). Management plans traditionally aim to conserve that OUV so future generations can enjoy it.

But if you do it like looking in a rear-view mirror – only looking back – you miss out. When you drive, you need to look both ways: back and forward. We’ve been doing well conserving the Unesco World Heritage area; our periodic reports are positive. Now it’s time to consider other aspects: how people live, how they move, and how they interact with heritage buildings in daily life.

Sustainability isn’t about a building alone; it’s about how people use it, how they get there and away, and whether they can continue to live or work there.

How have you begun to address that shift?

First, my team and I conveyed that we needed to understand the situation. We know the buildings, how they’ve been cared for, but not the people who live or work in them.

Last year, we launched projects like the Apéri’tours and Quartierspläng, visiting all 24 city districts with listening sessions, Post-it exchanges, ideation labs and online surveys. We quickly realised that what was lacking was city communication, on the website for example.

It was organised around the way we work and not around what the users were actually looking for. We realised we weren’t providing the necessary tools for people to see what was relevant for them. So we began restructuring horizontally, with departments collaborating across lines.

We also needed to test tools early. Therefore we started using available

spaces temporarily for animation, gardens or gatherings to see what works before committing long-term. It helps us find what efforts meet people’s needs.

When it comes to sustainability in heritage areas, what are the toughest challenges?

Since the *Passeport Énergétique* – a city programme certifying energy efficiency in buildings, similar to an energy performance label – the body responsible for governance and decision-making, the College of Aldermen, has always been more demanding than the legal framework required. That obviously means projects take longer and cost more money.

What is much more challenging – and where we spend a lot of time reflecting and discussing with colleagues in similar situations – is the sustainable behaviour of our buildings in use. We have buildings from very different eras, each built with different priorities. In some periods, people were more concerned with energy use; in others, much less. So it’s always a balancing act.

Take schools, for example. You can’t put them out of use, and you can’t just send pupils to another district to completely redo a school. What we try to do is work step by step, often scheduling renovations during school holidays. It becomes a Tetris game: fitting improvements into short windows of time.

And then there are new regulations: a European directive – not yet implemented – will require the public sector to renew 3% of its buildings sustainably each year. That’s an enormous challenge, since most buildings are in active use and the process involves tenders, decision-making and compliance. Meeting that target will demand growth not only from us but also from craftsmen, architects and engineers. Sometimes sustainability is

market-driven, as in private office rentals, where anything older than five years risks losing value. For us in the public sector, it’s about obligations like accessibility laws or critical updates such as replacing heating systems, which give us a 10 to 15-year timeframe.

So, in practice, we have to prioritise. We evaluate case by case, balancing sustainability requirements with ongoing use. It’s complex, but it’s the only way to be effective.

Do individual projects in protected areas need special approval?

Yes. We have a dedicated heritage team of six who examine each project alongside the architect, owner and business operator. We work within local and national regulations, offer subsidies and coordinate with state sustainability programmes.

In regular protected areas, solutions are easier. In the World Heritage zone, we hope that the recently announced Unesco framework will guide us, so we can comply having full confidence that we are not going to endanger any kind of recognition or status of protection.

In planning, how do you reconcile architectural variety with coherence?

There is a framework. If you look at Avenue de la Liberté for example, it looks homogeneous, but the buildings are all different. There are certain elements that make them look cohesive, that give you the possibility of recognising them as one. Variety within a coherent framework can be richer than uniformity.

When it comes to old-plus-modern buildings, there are different schools of thought: preserve strictly, add contemporary layers or mimic the old. None is inherently right or wrong, it’s about context. The key is to be clear, consistent

and respectful of the city’s DNA, which is made up of many layers and influences.

Luxembourg has always been a crossroads, shaped by what arrives from elsewhere and by how we adapt it. That’s why the city has multiple layers, and what makes it beautiful.

How does the city balance mobility and sustainability?

Mobility relies on energy, as do cooking, working and almost everything else. We want citizens to be able to continue to contribute to sustainability but must be realistic about the current and future energy needs of the city.

We already have free public transport, but sustaining that – and improving it – will be difficult if budgets shift toward other priorities like defence. I hope we can

maintain stability while planning in anticipation of disruptions. True sustainability means being able to adapt, even take a step back without losing everything we’ve gained. We’re in a stable moment now, but nothing lasts forever. That will be the real challenge in my opinion.

This interview has been edited for length and clarity.

“The key is to be clear, consistent and respectful of the city’s DNA

Shaaf Milani-Nia,
Architect-director,
City of Luxembourg



IN THE FOREST WITH RENÉ MATHIEU

The Michelin-starred chef shows that sustainability begins not with grand gestures but with love for the simple things: the herbs growing just outside the kitchen door.

By Lucrezia Reale
Photos: Eva Krins

René Mathieu enters a trance-like state when he talks about respect for nature and what it means not only for the culinary world, but for society itself.

The chef challenges the frantic pace of modern gastronomy by slowing down and grounding himself in the humble, the wild and the local. This has earned him both a prestigious Michelin star and a Green Star, introduced in 2020 to recognise restaurants at the forefront of sustainable gastronomy.

His cooking is a celebration of simplicity, but is never careless or superficial. For decades, he has built his personal cuisine around plants, wild herbs and foraged ingredients, embracing an approach that feels both ancient and quietly radical.

“For me, it was always about what nature gives freely,” he explained. “The plants, the wild herbs, the flowers... they have such a richness, so many flavours. [...] But it is not just about picking plants; it is about knowing their seasons, their uses and, above all, respecting them fully.”

Respect, in fact, defines his entire philosophy. “I always try to use the whole plant: the leaves, stems, flowers, even the roots. It is about respect and not wasting anything. When you do this, cooking becomes a dialogue with nature.”

In the kitchen, sustainability can mean many things: avoiding food waste, limiting the energy needed to power sophisticated machinery, sourcing ingredients that do not travel thousands of kilometres to reach our tables or use excessive water to grow and farm.

A PHILOSOPHY OF SIMPLICITY

At Fields, his new restaurant in a former hunting lodge surrounded by Luxembourg's forests near Findel airport, Mathieu continues to push the boundaries of plant-based gastronomy, rooted in the seasons and the land around him. The space, he explained, is equipped with the latest technologies to support more sustainable ways of cooking, storing and preparing food.

“At Fields, the menu is entirely plant-based, a natural extension of our philoso-

phy. No animal products here, but it is far from boring. [...] We use everything: wild herbs, cultivated plants, foraged goods. Every dish tells a story of the land and the moment.”

Sitting down with a Michelin-starred chef, one might expect an intricate, technical conversation heavy with professional jargon. Instead, Mathieu's vision feels disarmingly accessible: a return to origins, to the roots both literal and metaphorical, where the simplicity of flavours and ingredients is not only possible but perhaps the most sustainable way forward.

Instead of following the urge to over-complicate, Mathieu runs with what nature has to offer. Rather than sourcing from far away, he uses local produce when it is in season, when “the body needs it the most,” he said.

“I love spring because that is when wild garlic, nettles, young shoots come out. Summer brings the wild flowers and fresh herbs. Autumn gives mushrooms and berries. You work with what the land offers, not what you want it to offer,” he explained.



“People tend to eat the same familiar vegetables – tomatoes, zucchini, potatoes – while so many similar vegetables are far easier to source and prepare,” Mathieu observed.

Luxembourg is particularly rich, he said. “We have forests and meadows that offer herbs and plants you will not find everywhere else. Take the Luxembourgish wild garlic in spring, more aromatic than what you find at the supermarket. Or wild sorrel and woodruff from around the Müllerthal region. These plants belong to our land, our *terroir*.”

It all comes down to knowing what to forage, and being attentive. “You learn when to pick, how plants work together, what flavours blend. It is a deep world that brings richness and complexity to

the plate. [...] Herbs bring freshness, subtle complexity. They add brightness, aroma, texture. [...] The stems give crunch, flowers add aroma, roots bring earthiness. It is about creating harmony, layering flavours naturally and gently, without overpowering.”

Equally important is practicing foraging responsibly, both to preserve biodiversity, and to leave enough for the next person to pick and enjoy. “You cannot just pick wildly. You have to know the plants, understand their role in the forest. Foraging teaches humility. You have to be mindful. [...] This is true sustainability.”

Most mornings, Mathieu goes out himself to gather what he needs from the forest around Junglinster, with the exception of winter, when he plans ahead – harvesting and preserving enough to carry the kitchen through the colder months. The *Luxembourg Times* joined him on one of his trips to taste and discover the main elements of his culinary inspiration.

With the help of a small pocket knife, a wicker basket and some trays of water in the van to keep his harvest fresh, he is ready to get started. Mauve, comfrey, wood sanicle, fennel, chickweed... these herbs and flowers make their way onto his plates in many different forms: as juices, creams, chips, tempura, rolls or foamed mousses, depending on the herb.

LESSONS FOR THE NEXT GENERATION

Today he sees a certain laziness and blindness – both in culinary schools and in everyday life – towards the origins of what we eat and the effects it has on our bodies.

Although global agriculture produces more than enough food to nourish people the world over, much of this abundance never reaches people’s plates. The fruits and vegetables we do eat have lost

30–40% of their nutrients over the last 70 years. “This means we eat more to get the same nutrition, which leads to obesity. Cooking less, keeping vegetables raw or barely blanched, helps preserve their nutrients,” he added.

Mathieu hopes more chefs will embrace the slow cooking philosophy. “We need more restaurants that do not chase trends but truly respect the environment and the food.” For him, the kitchen should be “a place of joy, discovery and connection. If you love the simple things, everything else follows naturally, and sustainability should not be a marketing concept but rather a way of living: loving simple things – plants, herbs, fresh air, community. [...] It is not a trend. It means respecting nature’s rhythm, wasting less, using local products, caring for people.”

As of 2025, only 291 restaurants worldwide have been awarded the Michelin Green Star, compared to more than 3,700 Michelin-starred establishments overall. Just under 7% of the world’s Michelin-starred restaurants currently hold a Green Star.

Mathieu knows well the challenges kitchens and young chefs face today in their ascent to the top, but he remains optimistic. After all, he admits he once thought differently himself when he began at just 13. Only fools, he said, don’t change their minds.

“I tell young chefs: open your mind, connect with nature, be patient. Learn to forage. Respect simple ingredients. Smile with your eyes, respect the plants and people around you.” Amid the long hours, grit and gristle of the kitchen, passion and respect remain essential. “We get many young people coming for short internships, some as young as 14 or 15. They want to see how a kitchen works. I encourage them to observe, to listen to the plants and the land. That curiosity is precious and will teach them a lot – the rest will follow.”

“Foraging teaches humility

René Mathieu



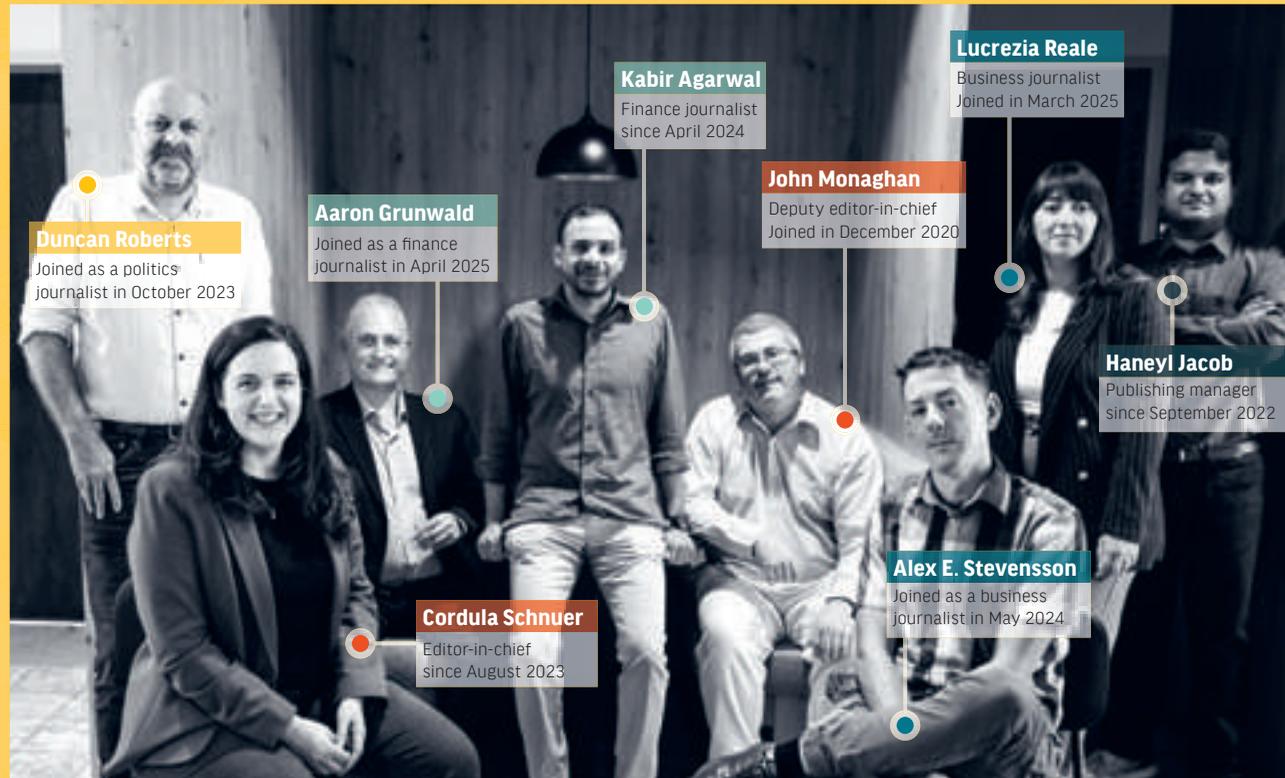
- SINCE 1894 -

LUXLAIT

LOOK WHO'S BACK!



MEET THE TEAM



The *Luxembourg Times* is your guide to understanding Luxembourg in English, covering politics, business and finance, but also life and culture in the country and useful things to know. Here are the faces behind the stories that you can read in this magazine and online.

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