

Philanthropy Letter



FONDATION
DE LUXEMBOURG

Philanthropy in action

“Everyone thinks of changing the world, but no one thinks of changing himself.” Leo Tolstoy

While the health crisis continues to impact society in more ways than we could have imagined, the effects of climate change will disrupt our lives on an even greater scale, and for the foreseeable future.

Unlike the pandemic, which will hopefully one day end with the advent of a vaccine, climate change cannot be remedied in one shot. This Philanthropy Letter is dedicated to voices that advocate for innovation and change, offering hope against the sobering outlook that climate change presents to us today.

Yann Arthus-Bertrand has dedicated his life to capturing the beauty of our planet through photography and film. In doing so, he has become a prominent voice for reducing man’s ecological footprint. In the interview he granted us, he encourages each of us to take meaningful action in our own lives.

Transitioning to new energy sources is also critical, and philanthropic support of innovative research plays a key role in this field. The SECuRE project, supported by the Fondation Enovos, is one example, as described by Thomas Kallstenius, CEO of the Luxembourg Institute of Science and Technology in his article.

Meanwhile, investment strategies are increasingly taking the climate into consideration. Don Gerristen of the United Nations Principles for Responsible Investment explains the many opportunities that climate-conscious investment policies can offer asset owners, and particularly foundations.

Finally, we hear from a few of the many generous donors who have contributed to the Fondation COVID-19, created under our aegis in response to the urgency of the health crisis this past spring.

The events of this year have led many of us to pursue deeper reflection on issues such as climate change and the vulnerability of our civilization. Going forward, let us hope that these considerations will lead to a more interconnected and humane society.

We wish you a pleasant reading,

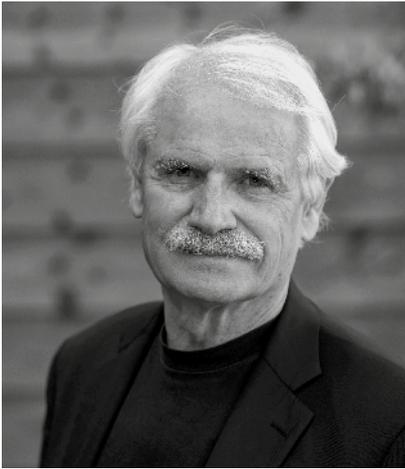
Tonika Hirdman



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Voir la vérité en face : Le changement climatique à l'ère du COVID



Yann Arthus-Bertrand

est photographe, documentariste et écologiste. Passionné par le monde animal et les espaces naturels, il publie son livre photographique, *La Terre Vue Du Ciel*, en 1999 et réalise plusieurs documentaires sur l'environnement et l'humanisme. En 2005, il crée la Fondation GoodPlanet, et en 2017, ouvre le premier lieu dédié à l'écologie et à l'humanisme à Paris, le Domaine de Longchamp. C'est ces engagements qui lui valent d'être nommé en 2009 « Ambassadeur de bonne volonté » du Programme des Nations Unies pour l'Environnement.

Réalisateur et photographe, fondateur de la Fondation GoodPlanet et ambassadeur de bonne volonté auprès du Programme des Nations unies pour l'environnement, Yann Arthus-Bertrand est une voix éminente pour la sauvegarde de la planète contre le changement climatique. Lors d'un entretien, il nous a parlé de l'impact du Covid-19 sur l'environnement et du rôle que pourrait jouer la philanthropie en faveur du climat.

Comment avez-vous vécu le confinement ?

J'ai plutôt bien vécu cette période. J'ai notamment pris l'habitude de me promener en forêt. Alors que j'avais voyagé dans les endroits les plus beaux au monde, j'ai été stupéfait de découvrir, comme si c'était la première fois, la beauté de la forêt. Et pourtant elle est tout près de chez moi.

Comment votre fondation GoodPlanet a-t-elle réagi à la crise sanitaire ? Les projets en cours ont-ils dû être adaptés ?

Malheureusement, la Fondation GoodPlanet a dû fermer et nous avons été contraints à annuler tous nos spectacles, interrompre la tournée que nous avons initiée, ainsi que le lancement du film *Woman*. Pendant ce temps, nous avons fait notre possible pour soutenir les nombreuses ONG avec qui nous travaillons.

Selon vous, quels sont les effets et impacts positifs de la pandémie sur le réchauffement climatique, à court et moyen terme ?

Ce qui est formidable, c'est que la crise sanitaire nous a permis de nous rendre compte que nous pouvions bien vivre juste avec l'essentiel. Mais le confinement n'a eu qu'un effet limité sur la réduction des émissions de CO₂. Pour qu'une telle mesure ait un véritable impact, il serait nécessaire de reconfiner tous les ans, ce qui est totalement impensable du point de vue économique. Ce que nous devrions faire, c'est revoir notre modèle de croissance afin de le rendre plus soutenable.

Pensez-vous que le confinement nous aura appris des leçons qui pourraient servir à la lutte contre le changement climatique ?

Le confinement et les incertitudes économiques qui en découlent ont contraint de nombreuses personnes à réduire leur consommation et à être plus critique vis-à-vis de leurs dépenses. J'ai aussi remarqué que la situation avait éveillé une véritable envie de vivre à la campagne.

Il y a eu des discussions sur une « reprise verte » après le confinement. Cela vous semble-t-il encore possible ?

L'idée d'une « reprise verte » a suscité beaucoup de réactions, mais ne correspond à rien de matériel. Tout le monde est inquiet par rapport à l'avenir climatique, mais peu ont conscience de la gravité de la situation

« *Tout est interconnecté : il n'y a pas d'un côté la nature et d'un autre côté l'homme. L'homme fait partie de la nature.* »



© Yann Arthus-Bertrand

qui a atteint un point de non-retour. Le climat stable dans lequel nous avons vécu pendant 10000 ans ne reviendra jamais. Ce que l'humanité devrait faire, c'est concentrer ses efforts afin de limiter autant que possible la hausse à 2 degrés supplémentaires d'ici 2100.

Quel pourrait être le rôle des fondations dans la sauvegarde de la biodiversité et la lutte contre le changement climatique ?

Le changement climatique est un phénomène qui nous dépasse et les fondations encouragent les donateurs à s'investir davantage en faveur du climat. Les initiatives qui facilitent l'engagement philanthropique comme les déductions d'impôts sont donc très importantes. Mais, au-delà des dons qui sont faits au profit de projets purement environnementaux, c'est la prise de conscience de tous qui est capitale, avec l'adoption d'une vision humaniste du monde. Toute action qui concourt à restaurer l'harmonie,

depuis la réduction des conflits armés à la lutte contre la pauvreté, va dans ce sens. Car tout est interconnecté : il n'y a pas d'un côté la nature et d'un autre côté l'homme. L'homme fait partie de la nature.

Quelles sont pour vous les technologies du futur les plus prometteuses ou les plus nécessaires, pour neutraliser notre impact sur l'environnement ?

Je ne crois pas beaucoup aux nouvelles technologies. Certaines peuvent aller dans le bon sens, mais à condition qu'elles nous permettent de préserver notre environnement et non pas de poursuivre des chimères. Ce dont nous avons besoin c'est d'agir sur notre quotidien. C'est par exemple le remplacement des pesticides. Dire que 80% des insectes volants et 30% des oiseaux ont disparu à cause de l'utilisation de ces produits. Il est également nécessaire de consommer des aliments biologiques et d'accepter d'en payer le juste prix. Quand les gens

me demandent ce qu'ils peuvent faire, je leur dis, arrêtez de manger de la viande. La viande industrielle est en train de détruire la planète.

De quels projets soutenus par la Fondation GoodPlanet êtes-vous particulièrement fier ?

Je suis heureux des initiatives que nous avons conduites pour sensibiliser la jeunesse aux Objectifs de Développement Durable des Nations Unies. Comme peu de personnes les connaissent, nous avons distribué dix-sept posters à toutes les écoles de France. Par ailleurs, nous avons créé un centre, le Domaine de Longchamp, qui est entouré de trois hectares de verdure, où se tiennent gratuitement des ateliers et des expositions sur les thématiques environnementales, sociales ou solidaires. Dernièrement, nous avons organisé une manifestation en hommage aux femmes écologistes. Car, les grandes héroïnes de l'écologie sont des femmes et c'est important de le dire.

Climate Emergency: Research to the rescue



Thomas Kallstenius

is the Chief Executive Officer of the Luxembourg Institute of Science and Technology since 2019. Prior to this, he was program director for the Belgian research institute imec's research & innovation program, vice president for research and innovation at iMinds, and director at Bell Labs on video communication related topics.

The massive over-exploitation of natural resources worldwide has for years led to repeated calls for global environmental governance. Governments at local, national and international levels must define and manage shared resources in more sustainable ways. Thomas Kallstenius, CEO of LIST, explains the role that research has to play, hand in hand with philanthropic organisations.

Climate change: A Tragedy of the Commons

The Tragedy of the Commons describes a collective phenomenon of over-exploitation of a shared resource, for example, biodiversity, the ocean, or the capacity to absorb CO₂. Popularised by the biologist Garrett Hardin in Science magazine in 1968, it is

considered a significant contribution to ecological thinking. Hardin shows that free and open access to a resource leads to its over-consumption and therefore its destruction. According to him, the sum of individual interests ensures neither the preservation of a resource nor collective well-being.

While the Tragedy of the Commons provides a powerful description of many environmental problems and allows us to identify effective strategies for their solution, the challenge of climate change mitigation forces us to go even further. Climate change requires us not only to reduce but to virtually eliminate all greenhouse gas emissions.

The urgency of the energy transition

How can we do this? How can we stop our dependence on fossil fuels, a dependency that has only increased since the industrial revolution 200 years ago? In 2018, before the COVID-19 pandemic hit, the world was emitting greenhouse gases with a warming potential equivalent to about 55 gigatonnes. One-fifth came from land use and agriculture, and the remaining four-fifths from energy consumption and industrial processes. There is, therefore, an urgent need to look at the energy sector, including renewable energies such as wind and solar power.

The Luxembourg Institute of Science and Technology (LIST) has been working on these issues for many years now. As an impact-focused Research and Technology Organisation, we develop innovative and competitive solutions to meet the essential needs of society as a whole and are fully committed to the transformation of our country into a smart economy oriented towards sustainable and responsible development.

Sustainability by design, not as an afterthought

Part of the solution to this problem of managing shared resources lies in the adoption of the "Sustainability by design" principle. In 1987, the United Nations Brundtland Commission defined sustainability as "the satisfaction of the needs of the present without compromising the ability of future generations to meet their own needs". We define "Sustainability by design" as the intent to reduce negative environmental impact as far as possible through the intelligent design of products, services and technologies. It is, therefore, about integrating sustainability at the design stage, not as an afterthought. Research has a crucial role to play in addressing this challenge.

An example of the "sustainability by design" principle in the field of the energy transition

The SECuRe (Smart Energy Cities and Regions) project, led by LIST and supported by the Fondation Enovos, under the aegis of the Fondation de Luxembourg, is an excellent example of sustainability by design in the field of the energy transition. Its aim: to visualise the energy potential of an entire city at a glance.

With 75% of Europe's population living in cities, urban areas play a crucial role in the energy transition to renewable energy sources. However, cities lack Global Solar Maps to help them explore renewable energies and the potential savings they offer. Businesses, regional and national governments need high-resolution estimates of solar energy efficiency and investment costs. In combination with 3D data, the SECuRe platform serves as an urban planning and visualisation tool to determine, for example, the best locations for developing photovoltaic energy. This solution will make it possible to reduce greenhouse gas emissions by switching to renewable energies throughout a city.

A model for Europe and the rest of the world

The public-private partnership between LIST and the Fondation Enovos, carried out locally in Esch-sur-Alzette, is an excellent example of the management of shared resources – in this case solar energy – which ultimately reduces greenhouse gas emissions. It also shows the extent to which Luxembourg has a unique innovation ecosystem and can become a model for Europe and the rest of the world.



3D city model developed by the SECuRE project, showing photovoltaic energy potential on rooftops in Zurich.

Change often starts with projects that are carried out locally, but which could have an impact on a European or even global scale. Our motto at LIST is: Think globally, act locally. We want to become an accelerator of global change, and with the generous support

of funding agencies and philanthropic organisations such as the Fondation de Luxembourg, we can make a difference. Philanthropy, together with research, has a unique, crucial and timely role to play in addressing the critical challenges facing societies.

Let’s ensure that we continue to defend the natural commons, whether they are global or local, and find ways to use them at sustainable levels. Let’s ensure that every one of us feels a responsibility to protect our shared resources, by choice or by necessity. In the first place, of course, the defence of our common planet.

Three questions for Erik von Scholz, Member of the Fondation Enovos Management Committee and CEO of Enovos Luxembourg S.A.



What are the main philanthropic objectives of the Fondation Enovos?

The Fondation Enovos was inspired by Enovos’s leitmotiv: “Energy for today. Caring for tomorrow.” We want to act as a responsible company towards current and future generations. The founders chose to contribute to the progress of

knowledge and new technologies that make sustainable development possible. But an equally important pillar of the Fondation Enovos is the support of social projects and causes. Standing by members of society who are vulnerable, in general or at certain times in their lives, is a responsibility we take very seriously.

What were the motivations of the Fondation Enovos for supporting the SECuRE research project?

Since its creation in 2010, the Fondation has been promoting innovation and technologies that are distinguished by their sustainability. As an energy provider, the energy transition is part of our “raison d’être.” The topics of renewable energy production and energy efficiency play a prominent role. The SECuRE project was a perfect fit in this regard as it combines both of these elements.

What are some of the other philanthropic actions undertaken by the Fondation Enovos in the fields of renewable energy and innovation?

SECuRE is a single project, but we also want to support the development of renewable energies on a larger scale. For example, the ‘fonds nova naturstrom’ supports projects in the fields of renewable energies, energy efficiency or eco-technologies in Luxembourg. The fonds nova naturstrom was integrated in the Fondation Enovos at its founding, and has distributed 3.862 premiums, with a total amount of over 2,6 million euros. By supporting innovative projects like SECuRE and those selected by the fonds nova naturstrom, the Fondation Enovos strives to promote sustainability on a larger scale. In addition, each year we award the ‘Prix d’Excellence’ to the most innovative master’s theses completed by young engineering students. Encouraging engineering as a profession is another way we are working to ensure a more sustainable future for all.

Foundations can reap the benefits of harnessing ESG



Don Gerritsen

is Head of Benelux for the United Nations supported Principles for Responsible Investment (PRI), overseeing over 200 investors working towards more responsible investment practices. Previously he was responsible for PRI's global asset owner programme and its asset owner insight team. Prior to joining the PRI in London, Don worked as a strategy consultant, and has held various roles at the United Nations.

Don Gerritsen, head of Benelux for the United Nations Principles for Responsible Investment (PRI), explores how foundations incorporating ESG practices can achieve positive societal goals, while meeting their financial objectives.

Asset owners, which include foundations, pension funds, and insurance companies, sitting on top of the investment chain, have an opportunity to demonstrate leadership in responsible investing, not only through their own

integration of environmental, social and governance (ESG) factors into their portfolios, but also by embedding these practices into the mandates that they give to investment managers.

Once on the periphery of the financial sector, the application of ESG considerations has now moved firmly into the mainstream as investors have realised that applying ESG can help them to better manage risk and identify new investment opportunities. According to the Financial Times, in 2013, less than \$2 trillion was invested sustainably. By 2019, this amount had rocketed to a total of more than \$31 trillion. Now around 25% of all funds take sustainability into consideration.

The Principles for Responsible Investment (PRI), which I represent, offers its signatories a menu of possible actions for incorporating ESG issues into investment practice. Since the PRI welcomes all institutional investors, both large and small, it represents a unique opportunity to share best practices and collaborate on a variety of initiatives that embrace the full ESG spectrum. We want our signatories to be active stewards of capital, whether it's encouraging more robust engagement with policymakers in their local markets to strengthen regulation thus encouraging sustainable investment practices or supporting ESG regulations for shareholders to vote upon at AGMs. Practical guidance on the integration of ESG across asset classes, along with research, events and other resources, are also available to all of our members.

Numerous studies over the last few years have shown that companies which respect the environment and the local communities in which they operate,

treat their employees fairly and have robust board diversity and oversight, perform better than their peers who do not incorporate these principles into their business practices. We also know that investing through a sustainable lens can enhance returns over the long-term.

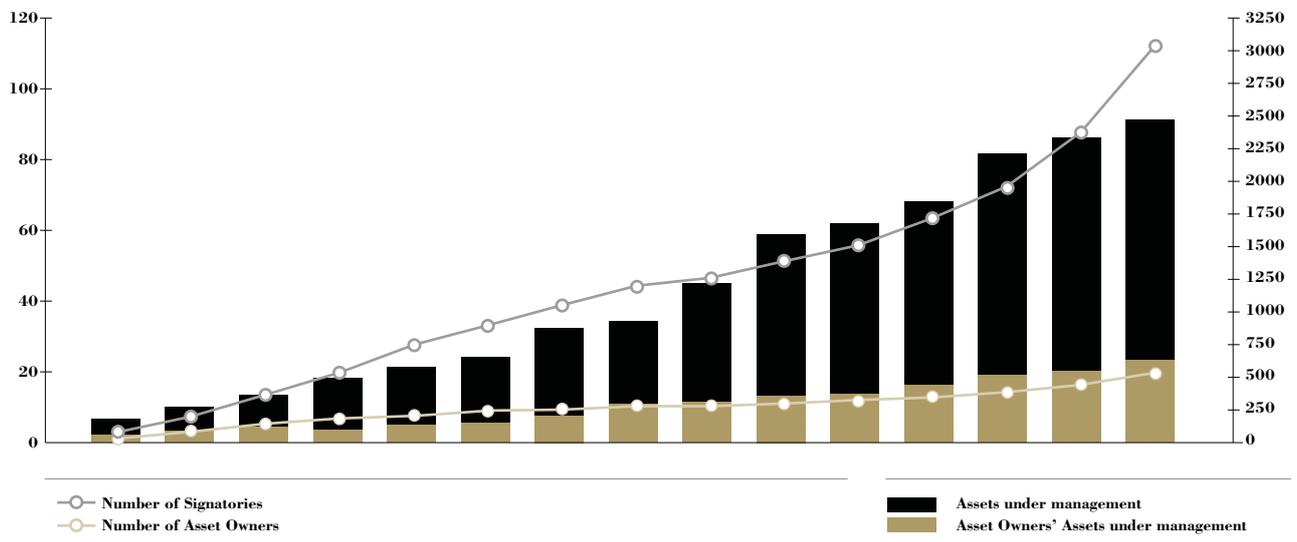
Covid-19 has put ESG issues, especially the "S", more starkly into the spotlight. As Fiona Reynolds, the CEO of the PRI has noted: "The outbreak of Covid-19 has underscored the need for a more stakeholder-driven and sustainable global economy – one that aligns people, profit and planet. Looking ahead to the recovery from Covid-19, investors are offered a unique opportunity to re-evaluate our global financial system and to bring a wider, deeper drive towards sustainability issues."

Within the asset owner community, there is no doubt that we have seen a growing number of foundations looking to harness ESG to achieve positive societal goals through impact investing, while at the same time, achieving their financial objectives. Many of the world's largest foundations have pledged a significant portion of their endowments towards impact investing, with the Ford Foundation's \$1 billion commitment in 2017 being the largest to date.

In the US, we've seen foundations and endowments addressing climate change by divesting from fossil fuels. The need to take urgent action on climate change has prompted many foundations to adopt a more aligned investment approach that addresses risk while also generating sustainable returns in the long-term.

Assets under management (US\$ trillion)

N° Signatories



This past July, the PRI, in partnership with the Intentional Endowments Network (IEN), hosted a webinar that focused on the investment implications of climate change and highlighted tools and resources that endowments and foundations can leverage to develop a thoughtful, multi-pronged approach to managing climate-related risks and opportunities.

One such example is the Net Zero Asset Owner Alliance, an international group of 30 institutional investors delivering on a bold commitment to transition its investment portfolios to net-zero GHG emissions by 2050. Representing \$5 trillion in assets under management, the United Nations-convened Net-Zero Asset Owner Alliance is a notable model of united investor action to align portfolios with a 1.5°C scenario, addressing Article 2.1c of the Paris Agreement.

Foundations and other institutional investors have also come to accept that looking at ESG is part of their fiduciary duty, which stipulates that factors such as climate change—the number one issue for PRI signatories—must be considered in order to comply with fiduciary duties. Given that climate

change poses financially material risks to investors, failing to incorporate climate risks in investment analysis and decision making can be seen as a failure of fiduciary duty. To align with other asset owners, allocating capital to low-carbon investments is one of the most impactful and important ways endowments and foundations can contribute to climate solutions while managing portfolio risk and earning competitive returns.

“Foundations and other institutional investors have also come to accept that looking at ESG is part of their fiduciary duty, which stipulates that factors such as climate change – the number one issue for PRI signatories – must be considered in order to comply with fiduciary duties.”

The PRI includes a number of foundations among its signatory base, including the Nathan Cummings Foundation and the Rockefeller Brothers Fund in the US, the Nobel Foundation in Sweden, Foundation North in New Zealand, the REEP Foundation in Japan and the Indonesian Biodiversity Foundation in Indonesia. The Fondation de Luxembourg is also in the process of becoming a signatory. Our foundation members find considerable benefit in collaborating with other asset owners as they look to commit their capital in ways that benefit their local communities and also further afield.

Many foundations are using their financial muscle through shareholder engagement as a way to influence corporate behaviour and highlight ESG concerns that are meaningful to all responsible investors. Through such engagement, foundations can draw attention to ESG issues that their portfolio companies might otherwise ignore, and therefore play a key role in helping to ensure that companies address obligations to the society in which they operate and protect long-term shareholder value.

What were your motivations for giving to the Fondation COVID-19?

Arsène Kronshagen
Avocat à la Cour – Etude Kronshagen



While often overlooked, health affects us all. The COVID-19 pandemic has demonstrated to what extent, as it continues to disrupt our daily lives and instil existential fears in many of us. From an economic, financial and health point of view, this pandemic is likely to become a litmus test for the social

cohesion of our society. We can only overcome this ordeal through solidarity, especially towards the weakest and most vulnerable in our society. It was therefore clear to me to support and encourage the Fondation COVID-19, which, based on a solid trust, supports commendable organizations such as Médecins du monde and Médecins sans frontières.

Xavier Blouin
Head of CSR – Société Générale Luxembourg



This unprecedented crisis called for solidarity and a collective response, like the initiative launched by Fondation de Luxembourg through the Fondation COVID-19. The participation of Société Générale Luxembourg, its sister company Sogelife and all our employees in this

program proved that the spirit of commitment has always been one of our strengths, both in our professional and civic activities. All together, we were very proud to have raised 50K€ in favor of two projects: coronavirus research led by Université du Luxembourg, and a project in Africa with SOS Village d'Enfants.

Céline Vuarnesson
Managing Director - Textilcord Steinfort SA



During the challenging time of the COVID-19 pandemic, our focus was on supporting and ensuring the safety of our dedicated employees, while reaching out to local communities in Luxembourg. Indeed, while the virus threat is global in nature, our Global Emergency Management Team identified the Fondation COVID-19 philanthropic fund in order

to contribute to local projects making a difference. Through this platform, we had the opportunity to purchase equipment and disinfection products for healthcare workers, supported by the Red Cross, and meals for families in need, through Caritas. In times like these, it is important that we continue to look at how we can help those around us.

Maximilian Martin, Global Head
of Philanthropy, Lombard Odier Group
& Secretary-General, Fondation Lombard Odier



At an extraordinary board meeting on April 1, Fondation Lombard Odier launched a dedicated COVID-19 relief initiative to support local efforts in countries where Lombard Odier has a physical presence. In Luxembourg, we chose to contribute to the Fondation COVID-19, housed by the Fondation de

Luxembourg, for the speed and effectiveness in channeling our support to Stëmm vun der Strooss, a Luxembourgish organisation that helps marginalised groups reintegrate into society. Our donation helped purchase a delivery van for Stëmm's Caddy workshop, where people in professional re-integration prepare meals and deliver them to those in need, a service that saw increased demand with the temporary closure of many organisations normally serving the poor.