



Interview on impact investing with **Gunter Fischer**, Principal Advisor at the European Investment Bank (EIB) and chair of the LSFI Impact Investing Advisory Board (IIAB)

Q: How do you define the relationship between impact investing and sustainable finance, and why does impact investing play a critical role in today's financial system?

A: Sustainable finance is the broad framework for taking environmental, social, and governance (ESG) factors into account. Impact investing is a specific subset within that framework. Impact investing is about actively addressing an issue. It requires intentionality (you meant to do it) and measurability (you have evidence). With impact investing, you are evolving from a passive observer as an investor into a problem solver, showing "What your money can achieve."

Q: As Chair of the LSFI Impact Investing Advisory Board (IIAB), an independent think tank on impact investing, how can the IIAB strategically support the development and competitiveness of the Luxembourg financial sector?

A: The IIAB helps define the standard for impact investing. It started by developing a definition for impact investing, taking into account the Luxembourg specificities. This and work on market sizing increases investor confidence. It can help attract institutional and retail capital to the sector. Work on the development of potential investment vehicles for impact investing and the integration into the international ecosystem supports Luxembourg's and Europe's competitiveness as impact investing hubs.

Q: What do you see as the most significant opportunities and risks for impact investing as it becomes more mainstream?

A: With impact investing maturing, there is a shift from virtue-based to value-based investing. This is an opportunity to transition impact investing from a moral obligation to an economic driver of long-term profitability and competitiveness. Impact washing still is a risk for the integrity of impact investing efforts. Europe can remain a leader in impact investing, e.g. through the revision of the Sustainable Finance Disclosure Regulation (SFDR) with the recognition of impact as a concept.

Q: What key strategic guidance would you give to financial institutions seeking to strengthen their impact investing approach?

A: The dual crises of climate change and social inequality are no longer 'future' risks. They are economic realities. To navigate this landscape, financial institutions must move beyond passive compliance toward active impact investing. Those that successfully integrate sustainability into their core commercial strategy will safeguard their portfolios against existential threats, and they will lead the next generation of global market growth.