

The Deloitte logo, consisting of the word "Deloitte" in a bold, blue, sans-serif font, followed by a small green dot.

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Luxembourg –
the gateway to Europe
Establishing your business
and living in Luxembourg

2nd edition



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Foreword



Luxembourg is home to over half a million people from all over the world. Its population grew significantly with the lifting of internal border controls within the European Union, enabling the free movement of people across Europe. Over the years, the subsequent migration flows of highly skilled workers have turned Luxembourg into an open-minded and cosmopolitan center positioned right at the heart of Europe.

Just over a century ago, the Grand Duchy of Luxembourg metamorphosed from a peaceful rural backwater into a unique gateway providing access to the European market and its 500 million potential consumers. Along the way, Luxembourg had to pass through various evolutionary phases to become the world-renowned financial business center we see today, where many companies actively choose to set up their headquarters. Historically, Luxembourg has transitioned from agriculture through industry to banking and services. In terms of financial services, Luxembourg's economy has expanded and new challenges have arisen. The country has also had to adapt in terms of strategy in order to seize new opportunities. It responded to market forces with new regulations and improvements at government level, as the country adopted forward-thinking, pro-business policies. The Luxembourg government is constantly striving to be more competitive and to guarantee a streamlined administrative environment. Through its favorable geographical positioning and determined efforts on a private and public level, Luxembourg has continuously improved its positioning over the last decade and matured into an intercontinental springboard at the heart of Europe.

In this brochure, we offer an overview of Luxembourg, encompassing a short but detailed description of the current situation (underpinned by

facts and figures), its advantages as a business center, its outstanding location and the high quality of life famously enjoyed by its residents. All of these elements make this small country an exemplary location in which to live and do business. We have devised this brochure as a concise yet comprehensive summary for entities from the technology, media and telecommunications, commerce, industry, transport and logistics sectors to name just a few.

Luxembourg is indeed a rare package of promising business opportunities and a comfortable family environment that offers a range of social activities to meet the needs of its residents. I hope this brochure will give you a broad insight into the exciting lifestyle and business opportunities in Luxembourg and will answer the majority of your questions. Should you have any remaining queries, please feel free to contact me or one of my colleagues. We would be delighted to discuss with you and guide you on your way to Luxembourg.

Georges Kioes

Partner

Commerce & Industry, Public Sector and
Technology, Media & Telecommunications Leader

Luxembourg facts & figures

Financial health

The Grand Duchy of Luxembourg is characterized by a diversified economy and a high concentration of expertise. Luxembourg's financial health is based on a strong dialogue between the different players in the country's economy. Over the years, Luxembourg's main income has come from the financial sector, which even after the 2008/2009 financial and economic crisis has not lost its strength and credibility. The country holds a privileged position in Europe and around the world. Luxembourg is ranked among the top four countries in Europe with respect to its economy. In July 2015, Luxembourg's AAA/A-1+ rating was confirmed, with the economy considered as having a stable outlook. Moreover, low levels of public debt (23.2 percent of GDP in 2014) and a strictly delimited budget deficit (-0.8 percent of GDP) are testament to Luxembourg's financial health. While Luxembourg's unemployment rate has grown slightly over the last two years, it is still one of the lowest in Europe.

Political stability

Luxembourg is a constitutional monarchy with the Grand Duke as the head of State and a Prime Minister as the head of the government. The Chamber of Deputies is its unicameral legislature with 60 members. The term of representation for both the government and the Chamber of Deputies is five years. Luxembourg City's communal representation rotates in six-year terms. The country has a history of political stability over the last 80 years for three major reasons. On the one hand, the coalition model that has operated since the Second World War has reinforced political confidence among the country's residents. Secondly, Luxembourg enjoys strong dialogue between the government, unions and the private sector. And thirdly, a long-term relationship between the government and private economic leaders has created confidence, in the context of a reciprocal model for listening and offering advice.

Luxembourg GDP

In 2014, Luxembourg's GDP stood at €49.5 billion, with GDP per capita of €88,500. Historically, it has generated GDP from agricultural, financial and industrial activities and different kinds of services. The services industries play a major role in fuelling Luxembourg's GDP. Commercial activities and services account for 23.6 percent of GDP. In addition, 28.7 percent of Luxembourg's GDP is derived from financial services as well as from real estate and the services industry (at 18.1 percent). 11.7 percent of GDP is generated from the steel industry and manufacturing. In 2014, Luxembourg's major export partners were Germany (23.5 percent), France (17 percent), Belgium (16.2 percent), Italy (5,6 percent) and Switzerland (4,4 percent).

Population (1 January 2015):

563,968

Luxembourg is a parliamentary democracy under a constitutional monarchy ruled by a Grand Duke

A well-developed economy, with a very high GDP per capita

Trilingual country where **German, French** and **Luxembourgish** are used and recognized as official languages and **English** is commonly used by the business community

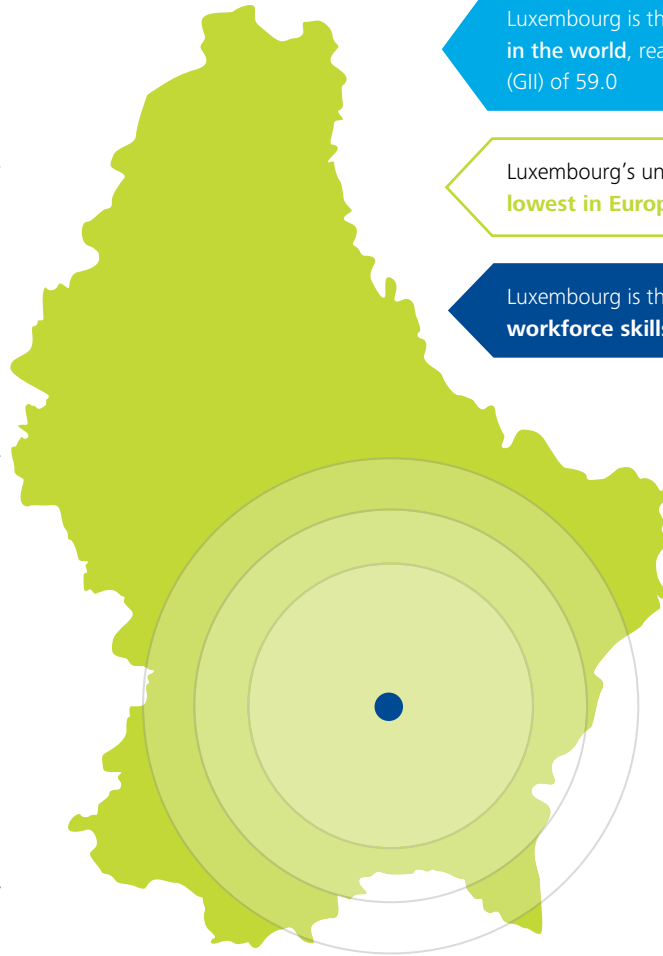
A founding member of the major multilateral cooperation organizations (e.g. the European Union, United Nations, NATO, OECD and Benelux)

Luxembourg City, the country's capital and largest city, is the seat of several **EU institutions** and agencies including the **European Court of Justice, Secretariat of the European Parliament, European Investment Bank**, and **European Court of Auditors**

Luxembourg is the **9th most innovative country in the world**, reaching a Global Innovation Index (GII) of 59.0

Luxembourg's unemployment rate is the **third lowest in Europe**

Luxembourg is the **world leader for workforce skills**



Demographic data

Density: **214.7 inhabitants/km²**

Literacy rate: **99%**

Human development index (UNDP 2012 report): **0.881**; ranked **21st**

Geographical data

Surface area: **2,586 km²**

Currency: **euro**

Source: Statec, LFB

My family in Luxembourg

Safe country

Luxembourg is a safe and quiet European country with adequate law-enforcement and security services and ranked number one in personal safety. The police maintain a low profile but are ready to respond quickly if necessary. The crime rate in Luxembourg is very low and there is little likelihood of serious danger for a responsible citizen. Luxembourg is a peaceful democratic nation composed of three regions and 106 municipalities. It has not seen any riots or larger demonstrations over the last few decades.

Multicultural environment

One of Luxembourg's major distinctive characteristics is its multicultural environment. People from all over the world live side by side in the tiny country and contribute to its linguistic and cultural diversity. Among its multifaceted human landscape, Luxembourg is home to large communities from nations such as Portugal, Italy, France, Germany and Belgium. Hosting such a variety of nationalities has made Luxembourg a very open-minded European country. As of January 2015, 45.9 percent of Luxembourg's population were foreign nationals from approximately 170 countries. Different ethnicities and religions live side by side and are well integrated.



High quality education system

The Luxembourg public education system places a high value on proficiency in foreign languages. Every student who graduates from a Luxembourgish high school speaks at least four languages, having started with German and French in primary school and moved on to English in high school. Luxembourgish is the national mother tongue and tends to be spoken rather than written. However, there are also private and international schools in Luxembourg. The latter includes the International School of Luxembourg (formerly the American school) with English as the main teaching language, the French *Ecole Française de Luxembourg*, and the European School, which teaches in almost every European language. Next to its high-quality primary and secondary system, Luxembourg also has a university system with an excellent reputation, welcoming 6000 students from around 100 different countries and international academic staff from 25 different countries.

Founded in 2003, the University of Luxembourg may be a very young institution but in line with Luxembourg's distinguishing attributes, it is an

international and multilingual institution. Divided into three faculties, the academic ensemble offers 11 bachelor degrees, 32 masters degrees as well as 7 doctoral studies. Many of its most renowned lecturers are professionals from the private sector, a result of strong partnerships between the university and key players in the financial and non-financial industries. Several chairs at the different faculties are sponsored.

The research priorities of the University of Luxembourg cover Computational Sciences, Law, Finance and Educational Sciences. Furthermore, the University hosts two additional interdisciplinary research centers namely, the Centre for Security, Reliability and Trust (SnT) as well as the Luxembourg Centre for Systems Biomedicine (LCSB).

Alongside its national university, Luxembourg also hosts other international higher education institutions. For instance both Connecticut's Sacred Heart University and Miami University have campuses in Luxembourg and offer several programs in business, fine arts, humanities, languages and social studies.



Child benefits

Every child resident and raised in Luxembourg is entitled to child benefits.

To qualify for child allowance, children must be under 18 years old or be in full-time education up to the age of 27. If a child is or becomes disabled before the age of 18, there are no limits to child allowance. The automatic monthly allowance depends on the number of children in the family and the age of each child.

The social security system is funded by the contributions of insured persons, employers and public entities

Noteworthy social coverage

Luxembourg's policies and social security systems have specific objectives. Collectively, they are designed to provide sufficient protection for every person against particular circumstances.

Every working person in Luxembourg must be a member of one of the social security funds, depending on their occupation. The *Centre Commun de la Sécurité Sociale* is responsible for monitoring this. The Luxembourg social security scheme includes a range of coverage, particularly against illness, maternity, workplace accidents, occupational diseases, old age, disability, family benefits, unemployment, dependent person benefits, early retirement and a guaranteed minimum wage.

The social security system is funded by the contributions of insured people, employers and public entities. Contributions are paid to the Social Security Centre.

- **Luxembourg illness fund – illness benefit**
The Luxembourg illness fund grants illness benefits equal to 100 percent of the insured worker's daily covered earnings.
- **National pension fund - retirement benefit**
In Luxembourg, all economically active people receive a retirement pension. The current legal retirement age is 65.

Tax environment

The Grand Duchy maintains a competitive level of taxation for employment and individuals' capital income in comparison with its European neighbors.

Non-cash benefits (company car, pension plans, interest subsidies, etc.) can be used to design a tax efficient remuneration package for employees.

Equity incentives can be an effective tool for rewarding promising talent in your company and, under certain circumstances, lead to a tax efficient compensation package for your executives.

A favorable in-patriate tax regime was introduced to increase the attractiveness of Luxembourg's economy. It is designed to attract skilled foreign workers by assuring significant tax savings for both in-patriates and employers.

Provided that the relevant conditions are met, certain expenses that would typically be borne by the employer in the event of an expatriation (e.g., relocation costs, tuition fees, rent/utilities, home leave trips, differential cost of living) may be subject to a total/partial tax exemption on the side of the employee.

Non-resident taxpayers who receive remuneration for their activities as appointed directors or similar supervisory positions can benefit from a final local taxation at a relatively low rate provided their local income does not exceed certain thresholds.

For details on the direct and indirect tax regimes in Luxembourg, please consult Deloitte Luxembourg's tax brochures online at www.deloitte.lu.



My social life in Luxembourg

Arts and culture

Luxembourg has a world-class cultural scene. Among its well-kept museums, the Grand Duchy boasts the National Museum of History and Art, the Luxembourg City History Museum, the National Museum of Natural History, the Municipal Art Gallery and the Museum of Modern Art. In terms of musical and visual entertainment, first-class theatres, concert halls and cinemas regularly attract international artists.

Throughout the year, culture enthusiasts can enjoy the broad cultural program offered by Luxembourg's leading venues—including the Luxembourg Philharmonic Hall, Neumünster Abbey and the National Theatre as well as local cinemas and the Centre for Applied Music (Rockhal).

The Luxembourg film industry has become a very important part of national culture. In 2014, the Luxembourg Film Fund invested €39.7 million in the country's film industry in support of 59 projects, including subsidies not only for film production but also for workshops and movie promotion. In 2014, Luxembourg won its first Oscar: 'best animated short' for *Mr Hublot*.

Luxembourg provides numerous cultural activities to suit all generations and tastes; the state and local authorities aim to keep up with international standards.

Sports and leisure

Europe has many green capitals but, in terms of proximity, few can compete with Luxembourg's lush rural countryside. The town center is surrounded by parks and forests, and a variety of landscapes can be reached within a radius of 30 km. This green environment offers abundant opportunities for sports and activities.

The numerous forests and rivers are the perfect setting for activities like mountain biking, hiking, climbing and Nordic walking. These outdoor sports can be practiced from beginner to experienced level. For team sportsmen and sports fans in general, the Grand Duchy also offers numerous traditional sports clubs and regular league games and sporting fixtures.

There is something for everyone, young or old, looking for a physical challenge or entertainment. Luxembourg has more than 600 kilometers of bike routes and a large number of hiking trails. There is an extensive sporting infrastructure encompassing well-kept golf courses, swimming pools, tennis courts and ice rinks. The more courageous can even try skydiving or hot air ballooning.

For quieter moments, luxurious wellness areas and spas are easily accessed in various parts of the country. The thermal baths in Mondorf-les-Bains and wellness centers throughout the country offer a wide range of well-being and relaxation services.

An enjoyable place

Luxembourg offers a very high standard of living and enjoys a leading position in international rankings. It is ranked first for personal safety in Mercer's Quality of Life survey and, according to the OECD's Better Life Index, Luxembourg features among the world's best places to live.

The cost of living in Luxembourg is above the European average, mainly as a result of the country's excellent public infrastructure. The latter includes services such as the well-functioning urban bus system and the cycling paths designed to facilitate occasional car-free living.

Next to the more practical aspects contributing to the high quality of life in Luxembourg, some key elements add a little extra to the country's social life. With an enormous diversity in terms of food and drinks, gastronomes will not be disappointed as the Grand Duchy offers one of the highest densities of Michelin starred restaurants per capita in the world.

The central location

Luxembourg's central location is a key asset to the country. Several major European cities can be reached by car, train or plane in under two hours for business or leisure purposes. Luxembourg's national airport is only 10 minutes from the city center while the railway station can be reached by bus from almost every corner of the country and is only a 5 minute drive from the center of the capital.



Business opportunities



Industries

Private banking and fund administration constitute the backbone of the financial services industry. Luxembourg's investment fund sector has been immensely successful over the years and is the world's second largest. The Grand Duchy's private banking industry is the biggest in the Eurozone.

The sector is also reinforced by a thriving insurance industry, with life insurance and reinsurance companies being particularly successful. The local financial sector is also an instrumental platform for private and corporate philanthropy.

Even though Luxembourg is renowned for its vital and vibrant financial sector, the government's national policies also strive to encourage companies from non-financial industries to settle in the country. The following non-financial sector industries are now central pillars of the Grand Duchy's economy: logistics, automotive components, media, ICT and e-commerce companies, life sciences, green technology, industry, shipping and the space industry. In recent years, these industries have been considered crucial components in the development of the country and are a high priority for the government.

Connectivity & IT infrastructure

Luxembourg's state-of-the-art connectivity infrastructure and numerous data centers are the result of significant public and private investments over the last few years. National and international high-speed connections are available from a wide range of established providers, making the local connectivity prices and cutting-edge infrastructure very competitive in Europe.

In the Grand Duchy, most of the data centers offer Tier II, III or IV service levels; in other words, they are first-class systems. 40 percent of European certified Tier IV data centers are located in Luxembourg. Accordingly, the European Commission and many major financial institutions have established their data centers in Luxembourg, while e-business and online gaming are thriving components of the firmly established technology, media and telecommunications industries.

Fintech

Fintech, or “Financial Technology”, is an emerging economic industry composed of companies which use new technology in financial services to drive innovation and disruptive business models. The Fintech industry has experienced rapid evolution and growth over the last few years. On the one hand, it is improving customer experience on a daily basis by providing quicker and easier access to financial services; on the other hand, it also contributes to optimization of processes in the Financial services industry, and compliance with regulatory directives.

To date, many players in Luxembourg have shown a keen interest in Fintech. Though the Fintech industry is mainly driven by start-ups, it is important to note that the Fintech industry now also counts established players from the financial sector in the Grand Duchy, who are developing innovative solutions. As they seek to offer groundbreaking solutions, areas such as big data, digital distribution, digital security and blockchain are elements of the Fintech ecosystem which rely not only on the strategic choices of the players involved, but also on those of the government.

Through a dedicated working group, the government is fully engaged in the development of Fintech in Luxembourg, which has emerged as one of its key priorities, encompassed in the “Digital Lëtzebuerg” strategy, aiming to consolidate and strengthen Luxembourg’s position throughout the ICT industry.

Multilingual & multicultural workforce

The advantages of a multilingual and multicultural workforce are very clear.

Employing a multitude of nationalities implies easy adoption of cultures. Multilingualism allows client services in many languages.

Providing various culture-related opportunities creates a unique proximity in a concentrated space that is not found in any other country.

Luxembourg’s state-of-the-art connectivity infrastructure and numerous data centres are the result of significant public and private investments over the last few years

Sources:

*Luxembourg for business- Proud to promote ICT
March 2013, CB Richard Ellis London (net equivalent basis
meaning only the white space or potential white space is included)
and Uptime Institute, Santa Fe USA*

Regulations

- Professional secrecy law
- Strong personal data protection regulation

Luxembourg has always cared about the privacy of its population, investors and companies. This has fostered a Luxembourg mind-set, which strives to offer the best service for clients and to be competitive in the global market.

To this end, the government has set up a completely new framework for intellectual property rights. It has created a safe IP environment by implementing EU directives as well as international treaties such as the agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), in order to secure favorable taxation of IP rights.

- Business-oriented legal and regulatory environment

As mentioned previously, the Luxembourg government is very responsive and flexible with regard to putting new regulatory framework in place. It always tries to be one step ahead in order to stay attractive and ensure a competitive environment for companies. The logistics cluster is just one example of the government's appropriate response and ambition to innovate and diversify.

The government intends to reduce companies' administrative burden by simplifying administrative tasks and automating processes.

Tax

Luxembourg's low public debt and budget deficit allow the government to maintain a competitive level of taxation for individuals and corporations.

As an investor, the stable political climate and predictable tax environment are key elements when defining a sustainable group tax policy.

In order to encourage local investments, accelerated depreciation and tax credits are available for certain investments in tangible assets.

Resident companies of the same group are allowed to pool their taxable profits and losses for income tax purposes under certain conditions, irrespective of the nature of the profits/losses. Losses can be carried forward indefinitely.

To foster R&D activities, innovative companies receive support in the form of customized government incentives, and once intellectual property rights are established Luxembourg also offers competitive regulations concerning the taxation of subsequent revenues.

For companies that act in a cross-border environment, the extensive network of double-tax treaties permits an efficient circulation of funds.

Furthermore, Luxembourg currently has the lowest rate of VAT in Europe.

Public research centers

Luxembourg counts several public research institutes which ensure high-quality research in numerous fields of expertise. Number of researchers in Luxembourg's public research centers was multiplied by three between 2007 and 2014.

The Luxembourg Institute of Science and Technology (LIST) conducts interdisciplinary research across the entire innovation chain in three targeted research areas: Materials, IT and Environment.

The Luxembourg Institute of Health (LIH) aims at translating knowledge in the field of biomedical research into clinical applications impacting on health care while shaping personalized medicine.

The Luxembourg Institute of Socio-Economic Research (LISER) focuses its research on the field of social and economic policy.

A recent arrival is the Max Planck Institute for international, European, and regulatory procedural law.



Luxembourg at a glance

Environment

- Neutral and safe
- Legal framework supporting social and environmental sustainability
- Local initiatives for environmental protection and sustainable development

Talent

- International education systems
- University
- Highly skilled workforce
- Multilingual and multicultural
- Several research and innovation programs
- Luxembourg ranks 3rd in the world for talent competitiveness

Infrastructure

- State-of-the-art connectivity infrastructure
- Data centers, business continuity and ICT services
- Research centers
- Incubators
- Logistics centers

Culture

- A diverse and multilingual culture
- A rich cultural scene

Regulations

- Professional secrecy law
- Strong personal data protection rules
- Business-oriented legal and regulatory environment
- Simple and straightforward administrative processes

European Institutions

- Many European institutions are located in Luxembourg (e.g., European Investment Bank, Court of Justice of the European Union, European Court of Auditors)

Tax

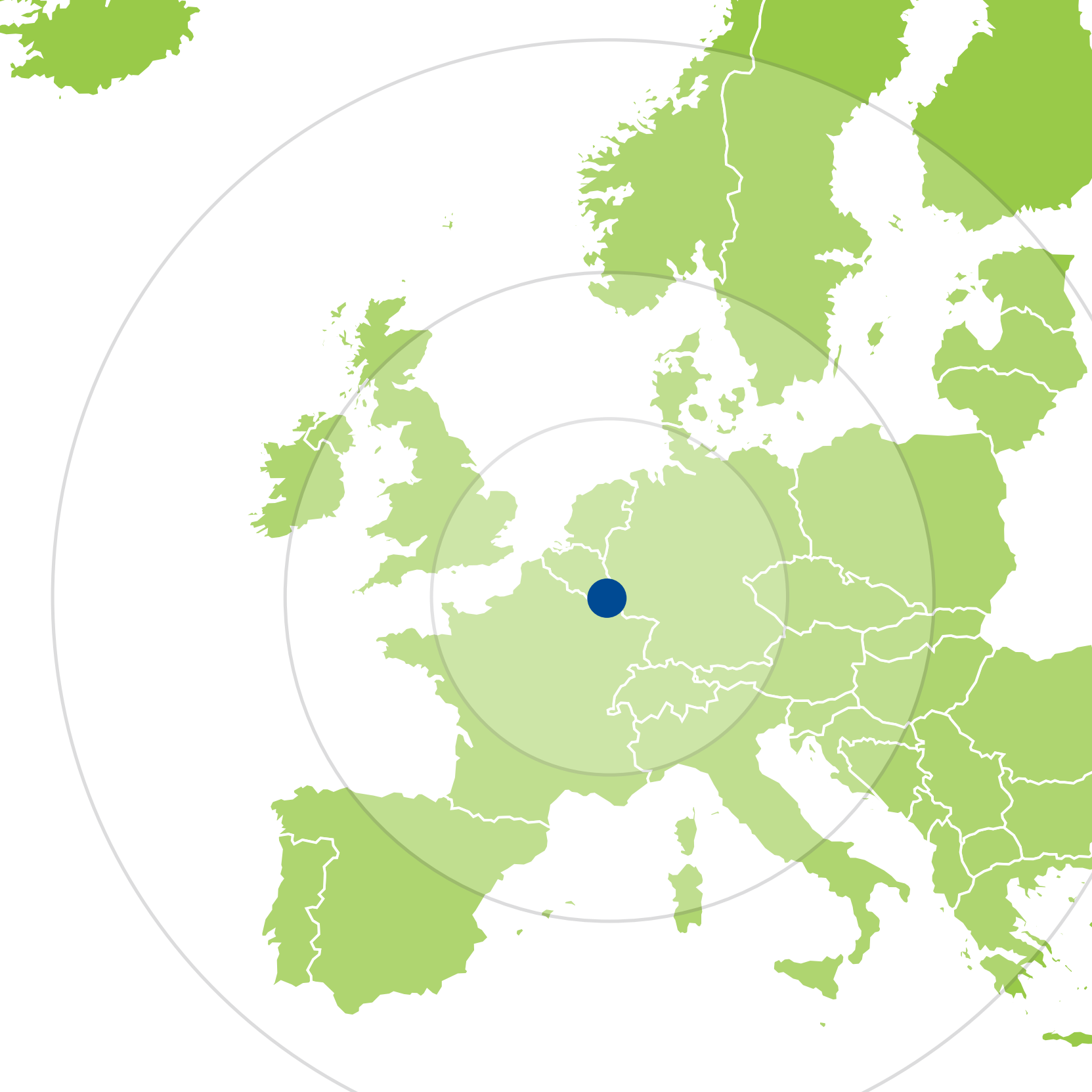
- Attractive tax model supporting investment and service delivery
- Competitive level of taxation for individuals and corporations
- Predictable tax environment
- Incentives for local investments
- IP regulation

Location

- Central position in Europe
- Major capitals accessible within 2 hours
- Access to a market of 500 million consumers
- European logistics hub

Political

- Minimal and pragmatic bureaucracy
- A pro-business government supporting innovative technologies and companies



The Luxembourg Clusters

In order to encourage diversification in the Luxembourg economy, the government has created various topical clusters composed of public and private players.



The MICE Cluster The Luxembourg MICE Cluster is the youngest cluster. It was created in 2014 for the purposes of coordinating the key actors from the tourism and business sectors and thereby using given resources efficiently. Moreover, the creation of this cluster strengthens Luxembourg as a congress and business trip location. The business tourism sector in Luxembourg includes meetings, incentives, conventions and other events. Business tourism generated 240,000 overnight stays in 2014, equating to 14 percent of the total overnight stays in Luxembourg. The cluster operates under the supervision of the *Office national du tourisme*.



The ICT Cluster comprises various important actors from the ICT industry with a view to stimulating new and continuous business opportunities. It works towards sustainability in the field, fueled by collaborative research, development and innovation projects. Collaboration and networking between the private and public sectors are especially encouraged for the purposes of optimizing sector uptake by several other industries. Today Luxembourg enjoys state-of-the-art connectivity. The excellence of its network is due to the establishment of numerous data centers and renowned providers of high-speed connectivity. Local legislation obliges Luxembourg-based companies to lay fiber-optic cables deep underground to ensure outstanding connectivity to the European ICT pillars with links to all the main European hubs (Paris, Frankfurt, Brussels and London). Only recently, the Luxembourg government launched the initiative Digital Lëtzebuerg, which is in line with the priorities of the Luxembourg ICT cluster. The main goal of this new initiative is to reinforce and consolidate the international perception of Luxembourg's ICT sector in order to develop the country's position as an excellence center for high-tech even further. In this regard, working groups have been established to address topics such as the development of telecoms infrastructure, innovation and access to financing for start-ups, innovation in Fintech, e-skills and e-government services.



The Logistics Cluster

The Logistics Cluster seeks to strengthen Luxembourg as a European logistics center, particularly through:

- Creating an information exchange platform designed to strengthen synergies and collaborations between the different industry players.
- Supporting research, development and innovation initiatives in the logistics sector, which drive the development of new products and services.
- Providing assistance to the government by creating proposals to improve the regulatory, administrative and legal framework in Luxembourg.
- Improving access to education and continuous professional development as well as increasing the training programs on offer.



The Space Cluster unites strong and highly specialized companies and public research organizations to develop relevant technology topics and collaborative RDI projects. The Luxembourg Space Cluster focuses on particular areas such as space telecommunications, a global navigation satellite system, location-based applications, earth observation, maritime security and safety as well as other space-related technologies.



The BioHealth Cluster is a developing cluster which works in accordance with the national strategy on scientific excellence in molecular diagnostics, the cornerstone of personalized medicine. It is enhancing Luxembourg's reputation as a recognized and rich environment for biomedical research, development, innovation and business.



The EcoInnovation Cluster constitutes an active pool of players in the Luxembourg clean and green technology sector. Entities within the cluster cooperate with a view to identifying the strengths of the individual actors and harnessing them to address the challenges of the industry.



The Materials Cluster underpins the work of numerous actors in the materials technologies sector in the Grand Duchy implementing collaborative R&D as well as innovation projects in order to create new sustainable business opportunities. Its network includes around 60 companies and public research organizations that are active in the materials technologies sector.



The Maritime Cluster was founded by 16 member organizations and **Deloitte Luxembourg** is a co-founder. The Luxembourg government and its main economic players created the Luxembourg Maritime Cluster in order to make a contribution to the development, visibility and effectiveness of the maritime sector and related services whether in Luxembourg or abroad. The objective is to create strong synergies and strategic alliances to boost the flow of ideas and information and thus implement promotion and communication strategies in Luxembourg.



The Automotive Cluster is a very recent cluster, mainly comprising automotive service providers. Among its members are the *industrie luxembourgeoise des équipements de l'automobile*, which unites automotive suppliers in Luxembourg. Member firms are generally suppliers in the value chain of components, modules, systems, materials and equipment developed as mainstream equipment for the industry.

History and origin of clusters

Luxembourg's strong economic performance and political stability are a springboard for developing further economic diversification of growth. Specialized and continuous research, an up-to-date technological infrastructure and innovation are the key pillars to maintaining this outstanding performance.

In times of financial crisis and other external disruptions, economies need to diversify and strengthen their major assets in order to be less vulnerable. This is one of the reasons why the Luxembourg government launched the cluster initiative over 10 years ago. Today the clusters unite 780 actors, while the logistics cluster alone accounts for over 13,000 jobs.

What is their purpose?

As Luxembourg is a leading region for several industries, the Luxembourg government took the initiative in 2002 to create several clusters to foster national economic diversification and strengthen Luxembourg's economy in a sustainable way.

Furthermore, the cluster initiative facilitates networking between the private and public sectors.



What are they?

The clusters are a grouping of different experts from the public and private sector. A cluster is a network gateway that allows companies and public research organizations to create a productive setting for different industries.

All the different clusters have an experienced cluster manager who is on the one hand responsible for the implementation of the cluster strategy and the related action plan, and at the same time ensures communication with the cluster steering committee, which is in charge of defining the cluster's activities.

What are their goals?

Together, the clusters aim to respond to the rapidly changing global market in which a location's competitiveness depends on effective innovation networks. The goal of the cluster initiative is to strengthen the industries concerned and create strong pillars for the Luxembourg economy so they are more resistant to financial crises.

At the beginning of October 2013, the current Minister of the Economy, Etienne Schneider, introduced a brand new cluster—the Automotive Cluster. This cluster employs 4,000 people in Luxembourg. According to the Minister, the automotive sector offers additional opportunities for Luxembourg to defend its economic position. The government hopes that the cluster initiative will generate an additional 3,000 jobs by 2020. 2014 saw the launch of the MICE (meetings, incentives, conferences and exhibitions) cluster for business and leisure tourism.

Who is involved?

National agency Luxinnovation is the main catalyst behind the Luxembourg cluster initiative for Innovation and Research in Luxembourg. Within the organization, five key players have a particularly important role:

- Ministry of the Economy
- Ministry for Higher Education and Research
- FEDIL-Business Federation Luxembourg
- Luxembourg Chamber of Commerce
- Luxembourg *Chambre des Métiers*

The drivers of each cluster are mainly their members. Every cluster has several key players from the relevant industry, bringing expertise and know-how to the table. They are mostly from the private sector.

Luxembourg's strong economic performance and political stability are a springboard for developing further economic diversification of growth

Deloitte in Luxembourg

A strong partnership

Through the Luxembourg clusters, actors from the public and private sectors work hand-in-hand to achieve specific goals. During this development process, companies regularly need support at different levels, whether for industry or service related matters. Deloitte can provide a wide range of services and solutions to address your challenges and problems in all these fields through its three service lines: Audit, Tax and Advisory & Consulting.

Deloitte in Luxembourg

With over 90 partners and more than 1,800 employees, Deloitte Luxembourg is one of the leading professional service firms in the market. For 65 years, we have delivered high-quality added-value services to both national and international clients. Our services cover audit, tax and consulting.

Within Deloitte, we specialize in different industries, both in the financial and non-financial sector. To respond effectively and efficiently to the Grand Duchy's priority sectors, Deloitte is divided into ten industry segments, with highly qualified experts within our three service lines. From this platform, we are well-positioned to cover the needs of both new and established clusters.

To meet our clients' needs, we have created specific and tailor-made service teams with professionals experienced in their sector of expertise.

Many of our staff have previously occupied senior positions in the financial services industry, (including banking, fund management and insurance), and/or in commercial, industrial and public sectors.

Throughout the years, whilst respecting the strictest independence rules in relation to our audit clients, we have developed an integrated business model bringing together a vast pool of competencies, allowing cross-service line exchange of advice and support to ensure all our clients receive the assistance they need and expect.

With a multicultural workforce comprised of approximately 50 nationalities, we are committed to facilitating dialogue and understanding the needs of our clients around the world. The opening of three representative offices in New York, Hong Kong and London is also helping to bring our clients and our firm closer together, whilst extending Luxembourg's influence beyond its borders. Today, many

of our clients are based abroad, and in several cases even on other continents. In this way, we also contribute to Luxembourg's growing international influence.

Our partners are active and play a key role not only in most of the major Luxembourg professional associations and chambers, but also by working very closely with government institutions.

Our partners are active and play a leading part not only in most of the major Luxembourg professional associations and professional Chambers, but they also work very closely with government institutions.

Deloitte in the world

Deloitte Luxembourg is a member of the Deloitte Touche Tohmatsu Ltd (Deloitte.com) global network, an international audit, tax and consulting firm with a presence in over 150 countries.

Deloitte currently has offices in 150 countries with over 220,000 employees and more than 7,000 partners. Deloitte serves more than a quarter of the world's largest companies as well as a significant percentage of Luxembourg's largest companies, public institutions and other key companies in the process of expansion. Deloitte is currently the world leader in professional services.

Corporate social responsibility

For Deloitte, the term sustainability is not only limited to the environmental dimension—it is also ensuring that we use our human capital and material resources wisely and without unnecessary depletion of our ecosystems. Through our corporate strategy, led by our Corporate Social Responsibility

Committee, we strive to demonstrate a continuous improvement in our environmental and social performance and act as a responsible leader in the society in which we live.

Our leadership is founded on our essential values: at Deloitte, we care. We care about our people, we care about our planet, and we care about our society. As a company, we believe that corporate social responsibility is actually a joint responsibility, shared by each individual working for the firm. The quality and relevance of our corporate social responsibility initiatives have received awards testifying to the highest standards:

- In July 2014, Deloitte's waste management and recycling program was awarded the SuperDrecksKëscht label for the fifth consecutive year by the Luxembourg Ministry of Sustainable Development.
- In March 2014, Deloitte Luxembourg obtained the renewal of its *Entreprise Socialement Responsable* (socially responsible company) label, received in 2011 for its entire CSR policy, by the Luxembourg National Institute for Sustainable Development and CSR (INDR).
- In October 2013, Deloitte Luxembourg received the Actions Positives 2010 award, for successfully completing the 3-year *Plan d'Actions Positive* program set by the Luxembourg Ministry of Equal Opportunities, promoting gender balance in the workplace and equality in professional opportunities.
- In March 2012, Deloitte Luxembourg received the *Prix Santé en Entreprise* from the Luxembourg Ministry of Health in recognition of its commitment to its employees' health and safety.

Five reasons to work with Deloitte



How can we help?

We offer customized assistance tailored to each stage in your relocation or international development project. Based on our field of expertise and our solution-oriented cross-service line and cross-industry structure, Deloitte Luxembourg is ideally placed to accompany you from the beginning to the end of your route to Luxembourg.

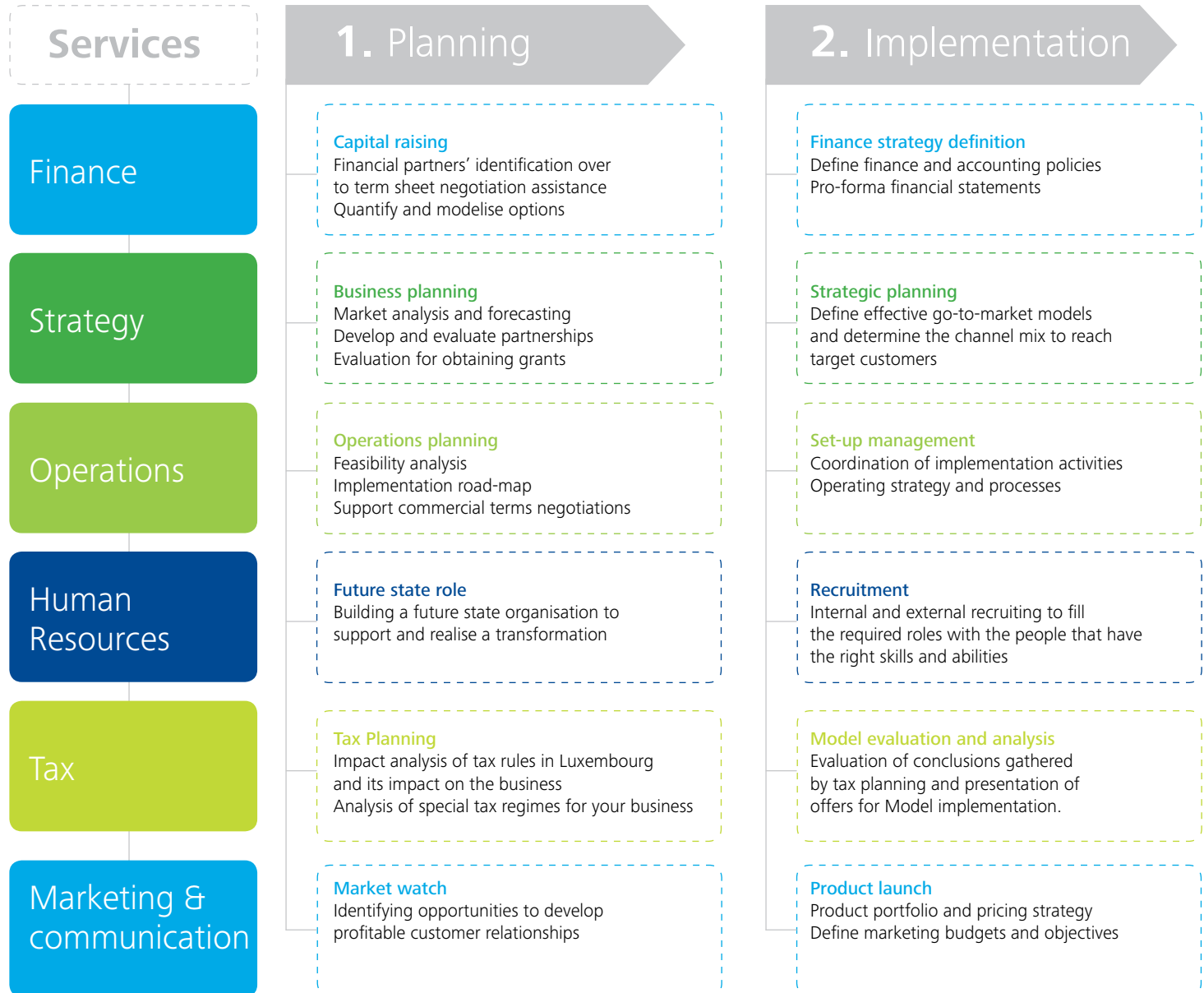
Our 65 years of experience in the Luxembourg market allow us to help you to be ready for the local environment ranging from local politics and regulations to business opportunities and development prospects. Our own development has put us into contact with key personalities in the local market and public institutions.

We can provide the right strategic assistance to ensure a smooth transition from the planning phase through to the implementation of your business.

In addition, thanks to our long-standing international experience, we understand the market you are relocating from. Drawing on the international experience of our multicultural and local staff, we can anticipate the differences and challenges you are facing in relation to your home market by drawing on our worldwide network of 220,000 individuals.



Growing your business along the life cycle of your firm



3. Operations

CFO services

Mergers & Acquisitions strategy
Profitability evaluation

Commercial strategy

Yearly sales and marketing strategy
and objectives innovation monetisation
Competitive positioning

Operations management

IT & Security
Governance and change management

Development

Building training and developing
curriculum and facilitate learning

On-going tax compliance and advice

Performance of Advisory and Tax compliance
as per model to be implemented

Marketing

Increase brand value and market positioning

4. Control

Evaluation

Analyze variance to budget
Accounting and auditing
Cost accounting

Assessment

Evaluate sales figures and market positioning
Evaluate KPIs
Review strategic objectives

Optimisation

Adjustments, reduction in production costs,
increased margins and internationalisation

Performance

Aligning employee performance management
compensation plans

Adjustments

Potential tax model changes if cross department
assessment impacts the tax structure.

Measure impact

Evaluate marketing campaigns
ROI analysis
Voice of the customers

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