
Press release

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LSFI in collaboration with PwC Luxembourg publish “Sustainable Finance in Luxembourg 2024: A Maturing Ecosystem”

ESG funds in Luxembourg experience a rebound of 12.3%

- **Retail investors drive ESG inflows:** Retail investors showed a strong interest in Environmental, Social and Governance (ESG) Undertakings for Collective Investments in Transferable Securities (UCITS) funds, pouring in €12.6bn of net flows during H1 2024. Institutional investors, on the other hand, withdrew €7.8bn during the same period;
- **Rebound in ESG funds:** ESG funds in **Luxembourg** saw a 12.3% rebound in assets under management (AuM), rising from €2,893.1bn in H2 2022 to €3,247.7bn by June 2024;
- **Sustainable Finance Disclosure Regulation (SFDR):** The majority (68%) of the AuM of Luxembourg-domiciled UCITS corresponds to funds disclosing as per Article 8 of the SFDR, followed by 27% for Article 6 and 4% for Article 9;
- **Growth of ESG private market funds:** The growth of ESG private market funds domiciled in Luxembourg has been remarkable, achieving a Compound Annual Growth Rate (CAGR) of 95.2% from 2019 to 2023;
- **Private equity dominates ESG private markets:** Private equity ESG funds accounted for €267.5bn in AuM, followed by infrastructure (€188.9bn), real estate (€107.7bn), and private debt (€58.7bn) in 2023;

- **PAI reporting:** Of 440 financial market participants surveyed, 106 have published a report on the Principal Adverse Impacts (PAIs) of their investment decisions, while 195 have issued an explanation as to why they do not consider PAIs;
- **Future observations:** The updated European Long-Term Investment Fund (ELTIF) fund structure simplifies access for retail investors to participate in private markets, paving the way for new opportunities in sustainable and ESG-focused investments.

Press Release, Luxembourg, 5 December 2024

Luxembourg, 5 December 2024– A new report by the Luxembourg Sustainable Finance Initiative (LSFI) and PwC Luxembourg shows that Luxembourg continues to solidify its position as a global leader in sustainable finance, with key developments in ESG UCITS fund performance and ESG private markets growth.

The report, "[*Sustainable Finance in Luxembourg 2024: A Maturing Ecosystem*](#)", marks the third edition in its series and aims to provide a picture of the state of sustainable finance in Luxembourg. It examines the core ESG strategies adopted by mutual funds based in Luxembourg, focusing on their evolution in terms of the number of funds and their AuM and delving into the ESG strategies employed. It also looks, for the first time, at ESG strategies within private markets and stewardship mandates of Luxembourg players. The study also offers other key updates, including PAI reporting, the use of the voluntary European ESG Template (EET), climate-related affiliations embraced by Luxembourg market participants as well as an overview of the key sustainable finance players in Luxembourg.

The study reveals that Luxembourg-domiciled ESG UCITS experienced a substantial 12.3% increase in AuM from H2 2022 to June 2024, reaching €3,247.7 billion. This rebound reflects growing investor confidence and strategic advancements within the sustainable finance ecosystem.

Meanwhile, private market accelerates with ESG private market funds demonstrating exceptional growth, achieving a CAGR of 95.2% from 2019 to 2023. Private equity remains the leading asset class, with €267.5 billion in AuM, followed by infrastructure (€188.9 billion), real estate (€107.7 billion), and private debt (€58.7 billion).

Commenting on the report, [Nicoletta Centofanti](#), CEO, Luxembourg Sustainable Finance Initiative (LSFI) states:

"Sustainable finance is essential for Luxembourg's financial centre to address climate and nature-related risks and take an active role towards the current social and environmental challenges. Sustainable Finance is also an opportunity for financial institutions related to funding, talent, and reputation, among many others. In short, embedding sustainable finance is key to the future resilience and competitiveness of our financial centre. However, it is a complex journey requiring new skills, metrics, and processes. This study aims to support the financial sectors in this regard, assessing Luxembourg's progress, trends, and challenges in sustainable finance. Gaining this understanding is essential for financial market participants to fulfil their crucial role in driving the much-needed sustainable transition."

[Frédéric Vonner](#), Advisory Partner, Sustainability at PwC Luxembourg, also said:



"The evolution of frameworks like ELTIF 2.0 and SFDR will open new doors for retail and institutional investors to align their portfolios with meaningful environmental and social goals. To maximise our impact, we must prioritise data quality, standardised reporting, and effective impact measurement. Embracing innovation and technology, such as AI-driven data analytics and blockchain-based traceability, can unlock new opportunities and drive sustainable growth. By collaborating closely with international partners, Luxembourg can continue to set the standard for how financial markets drive the transition to a more equitable and sustainable world."

About LSFI

The Luxembourg Sustainable Finance Initiative (LSFI) (www.lsf.lu) is Luxembourg's coordinating entity on sustainable finance. It is a Public-Private-Partnership that supports the transition of the financial sector towards sustainable finance.

The LSFI was founded in January 2020 by the Luxembourg Government (Ministry of Finance, Ministry of the Environment, Climate and Biodiversity), Luxembourg for Finance (the agency for the development of the financial centre) and the High Council for Sustainable Development (Conseil Supérieur pour un Développement Durable), an independent advisory body to the Luxembourg Government about sustainable development matters that represents the civil society.

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Notes to editors

About PwC

PwC Luxembourg (www.pwc.lu) is the largest professional services firm in Luxembourg with over 3,800 people employed from 90 different countries. PwC Luxembourg provides audit, tax and advisory services including management consulting, transaction, financing and regulatory advice. The firm provides advice to a wide variety of clients from local and middle market entrepreneurs to large multinational companies operating from Luxembourg and the Greater Region. The firm helps its clients create the value they are looking for by contributing to the smooth operation of the capital markets and providing advice through an industry-focused approach.

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 149 countries with more than 370,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com and www.pwc.lu.