



Sustainable Finance Ecosystem

the case of Luxembourg

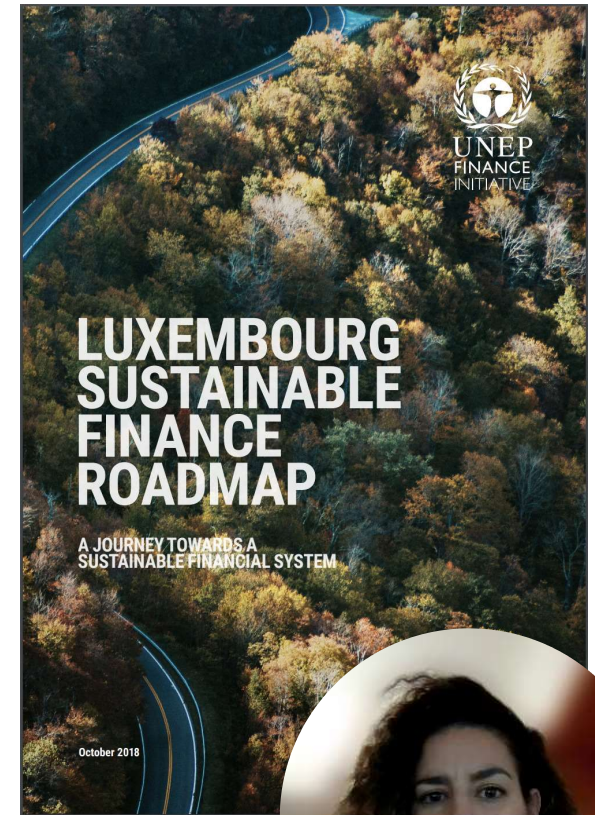
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Sustainable Finance Actors & Initiatives

Luxembourg is a global leader in ESG and sustainable finance, attracting **EUR 2.8 trillion** in sustainable assets (June 2023). Approximately **53% of assets** in Luxembourg are invested in ESG-focused funds.



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The Regulator's Impact on Sustainable Finance

Commission de Surveillance du Secteur Financier (CSSF)



CSSF Commitment: dedication to sustainability within the financial sector.

ESG Integration: urges entities to integrate ESG factors in strategy, aligning with EU Commission's Action Plan.

Internal Initiatives: internal group for sustainable finance coordination, communication, and collaboration.

Supervisory Priorities: proactively supports sector transition, emphasizing sustainability integration and risk consideration.

Initiative Monitoring: Commission's action plan and upcoming sustainable finance strategy, engaging in public consultation.

Global Engagement (NGFS): Official member since 2019, contributing to global efforts aligned with Paris Agreement goals.

IOSCO Participation: Active member, 2019 IOSCO Statement and the 2020 Report on Sustainable Finance.



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Our insights

How does the market respond?



Insights from the Advisory Services



Financial Actors

- Difficulties in understanding the EU and national regulatory boundaries and requirements
- Significant gap between financial actors' level of comprehension of ESG/Sustainability/C&E risks
- Pressure to implement remediation actions to meet CSSF's expectations
- Engagement in associations contributes to faster strategy implementation and enhances performance

Corporates & Financial Actors

- Regulatory compliance to increase or maintain access to capital
- Increase in requests on Green and Social Bonds & Loans transactions
- Increase in requests for carbon credit transactions and net zero strategies
- Access to reliable data



Insights from the Internal Audit



Financial actors

- CSSF's monitoring contributes to the improvement of the status quo as it increases scrutiny
- No clear roles and responsibilities within firms are defined
- Significant gaps in the maturity of strategic approaches, materiality of risks, and the level of transparency in disclosures to the investors
- Light Greenwashing but most significantly Greenhushing



To conclude



- Luxembourg's ecosystem nurtures a hub for Sustainable Finance
- The speed of adopting the regulatory requirements differs from firm to firm but the market moves fast
- Front runners have the early mover advantage
- The buy-in from the senior management to strategically prioritize sustainability is imperative



**Thank you for
your attention!**