Sustainable finance moves from momentum to maturity



ALFI and LSFI, in collaboration with PwC Luxembourg, publish “Sustainable Finance in Europe and Luxembourg 2025: Navigating recalibration”.

Sustainable finance has come a long way since 2020, evolving from a period marked by regulatory uncertainty to one of greater maturity and clarity. Despite recent regulatory recalibrations, Europe stands at the forefront of this shift, driven by pioneering regulations and reinforced climate commitments. As the second largest investment fund domicile in the world, Luxembourg stands out as a key hub in the sustainable finance landscape.

While challenges persist, sustainability is becoming integral to financial decision-making. Luxembourg is continuously adapting to maintain its leadership through close-knit collaboration with all relevant stakeholders in the Luxembourg financial centre.

Nicoletta Centofanti, CEO of the Luxembourg Sustainable Finance Initiative (LSFI), commented: “*The need for sustainable finance not only persists but is intensifying, as it serves as a key driver of resilience and long-term value creation. Beyond addressing environmental and social challenges, sustainable finance strengthens the robustness and stability of financial systems, enhancing their capacity to withstand global shocks stemming from climate change, governance*

gaps and increasing social issues, and the long-term risks these challenges pose to economic stability and prosperity. In this evolving landscape, Luxembourg has firmly positioned itself as a leading international financial centre for sustainable finance. Going forward, measurement and high-quality data are key enablers of clarity, comparability, and confidence across jurisdictions and market segments. Through this research, we aim to support the financial industry by providing insights to advance the sustainable finance journey."

Serge Weyland, CEO of ALFI, added: *"Sustainable finance remains a key pillar of the European asset management industry. Recent reviews of sustainability rules are a welcome opportunity to ensure that the framework delivers real impact rather than unnecessary complexity. The industry has an important role to play in supporting the transition to a more sustainable economy, but this requires clear, workable rules combined with leaway for innovation. With its strong expertise in cross-border fund structuring and its leading position in public and private markets, Luxembourg is uniquely positioned to help channel global capital toward sustainable and transition investments."*

Geoffroy Marcassoli, Partner and Sustainability Assurance Leader at PwC Luxembourg, said: "*Although the Omnibus 'simplification' measures suggest a scaling back from previous regulatory ambitions, the asset management industry continues with its commitment. The emphasis is increasingly placed on robust data, measurable sustainability achievements, and enduring resilience. Luxembourg's influential position within the European sustainable finance landscape continues to drive progress, guaranteeing that sustainability remains a fundamental strategic focus as frameworks such as the SFDR evolve*."

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