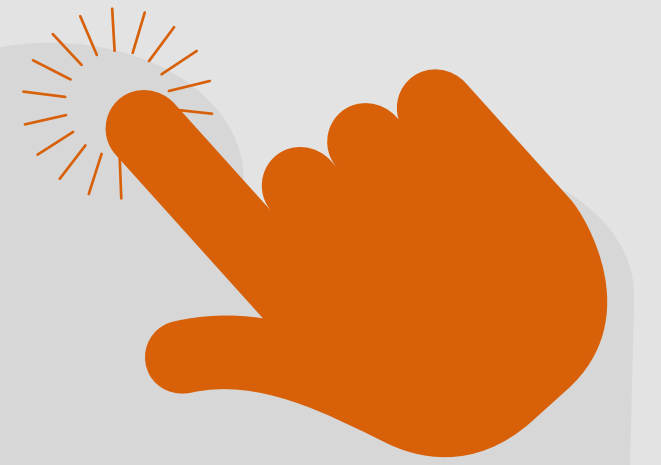


2024

The SFDR Barometer for Management Companies



Table of contents

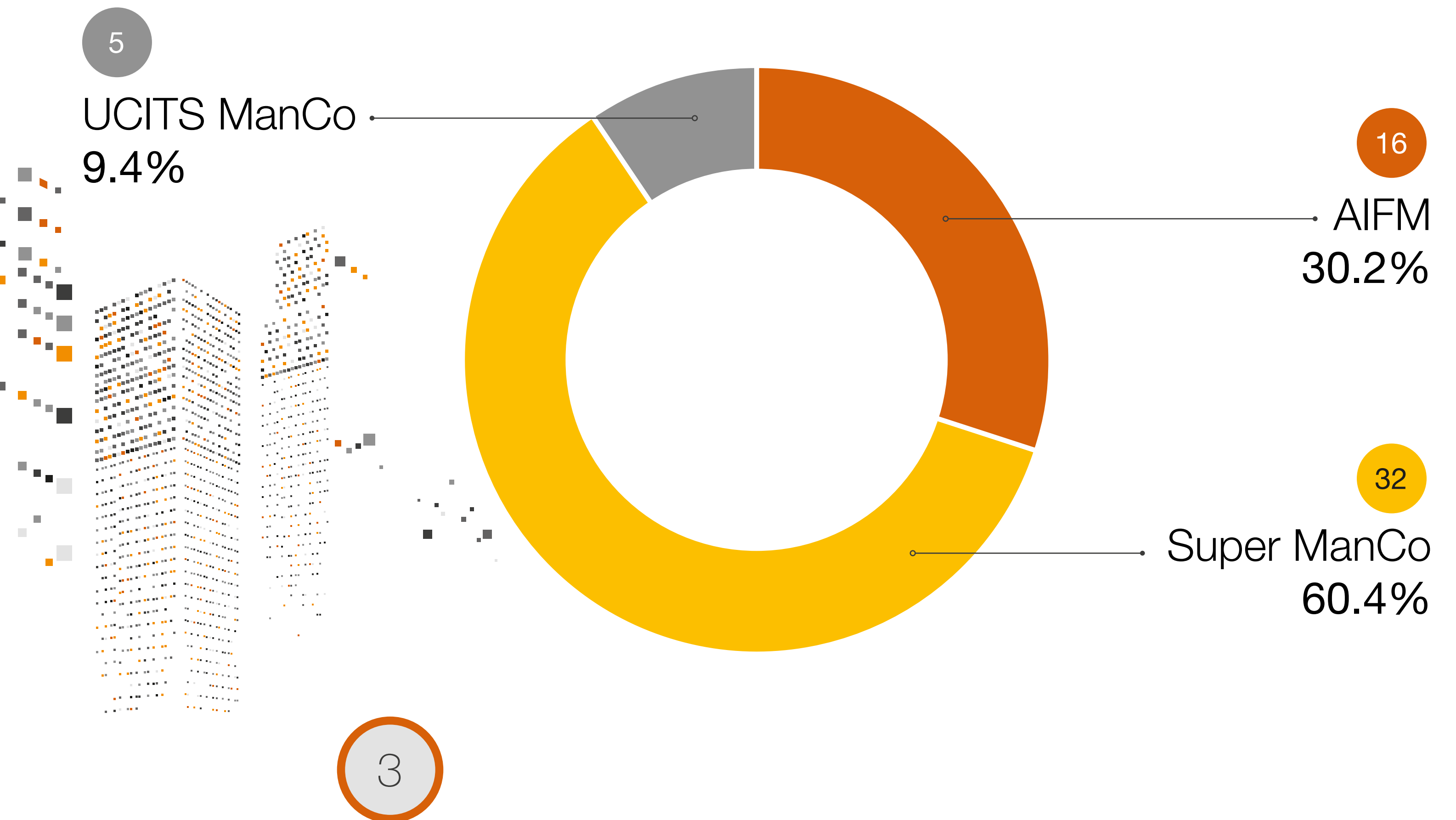


Our Sample

This new edition of the Barometer saw participation from 53 Management Companies, with the highest number of respondents being Super Management Companies. The participants totalled EUR 1.62tn of assets under management.

For the previous year we saw the participation of 51 Management Companies comprising 29 Super ManCos, 8 UCITS ManCos and 14 AIFMs.

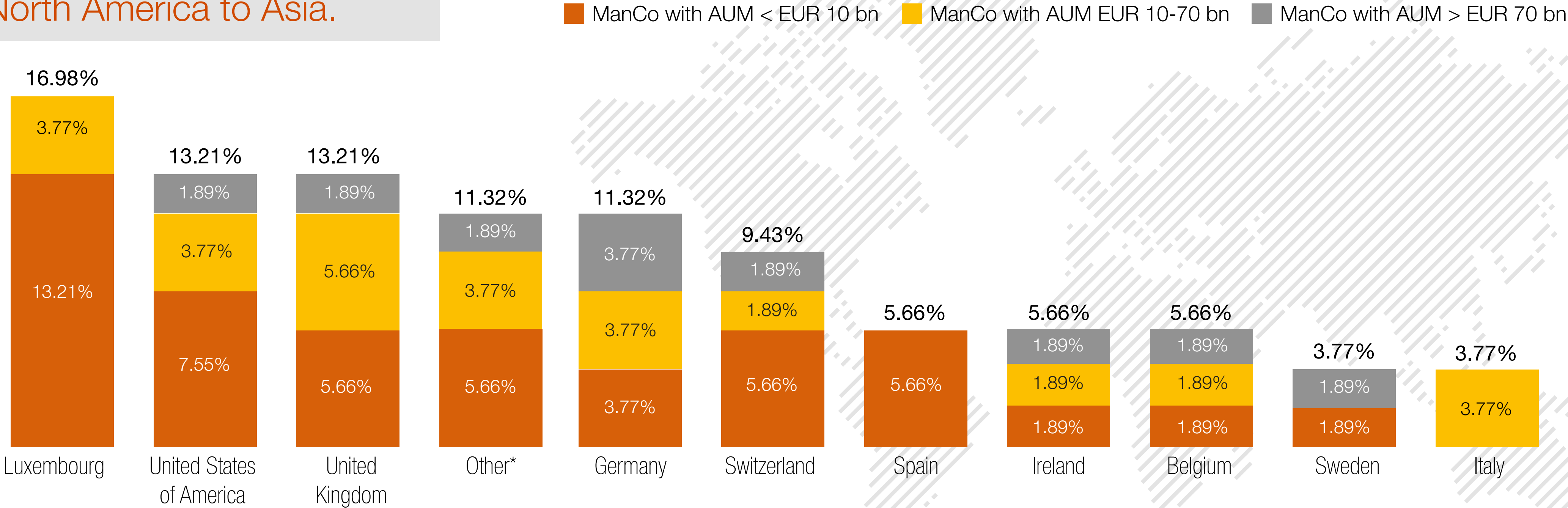
Number of participants by type of licence



Our Sample

Participants originated from multiple different regions ranging from Europe, North America to Asia.

Participants by nationality and size



*Note: Mainly France and Japan.

Average number of Article 8 and 9 Funds managed by ManCos

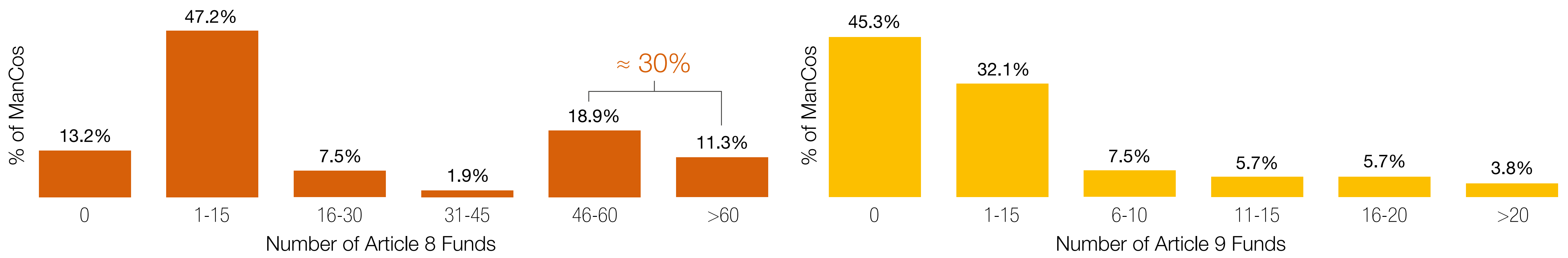
Article 8 Funds are the most popular products in Europe. This is also reflected in the responses, as 30% of Management Companies manage more than 45 Article 8 Funds.

Type	Article 8 Funds	Article 9 Funds
UCITS	972	119
AIFs	550	89
Total	1,522	208



Proportion of Mancos managing article 8 & 9 Funds

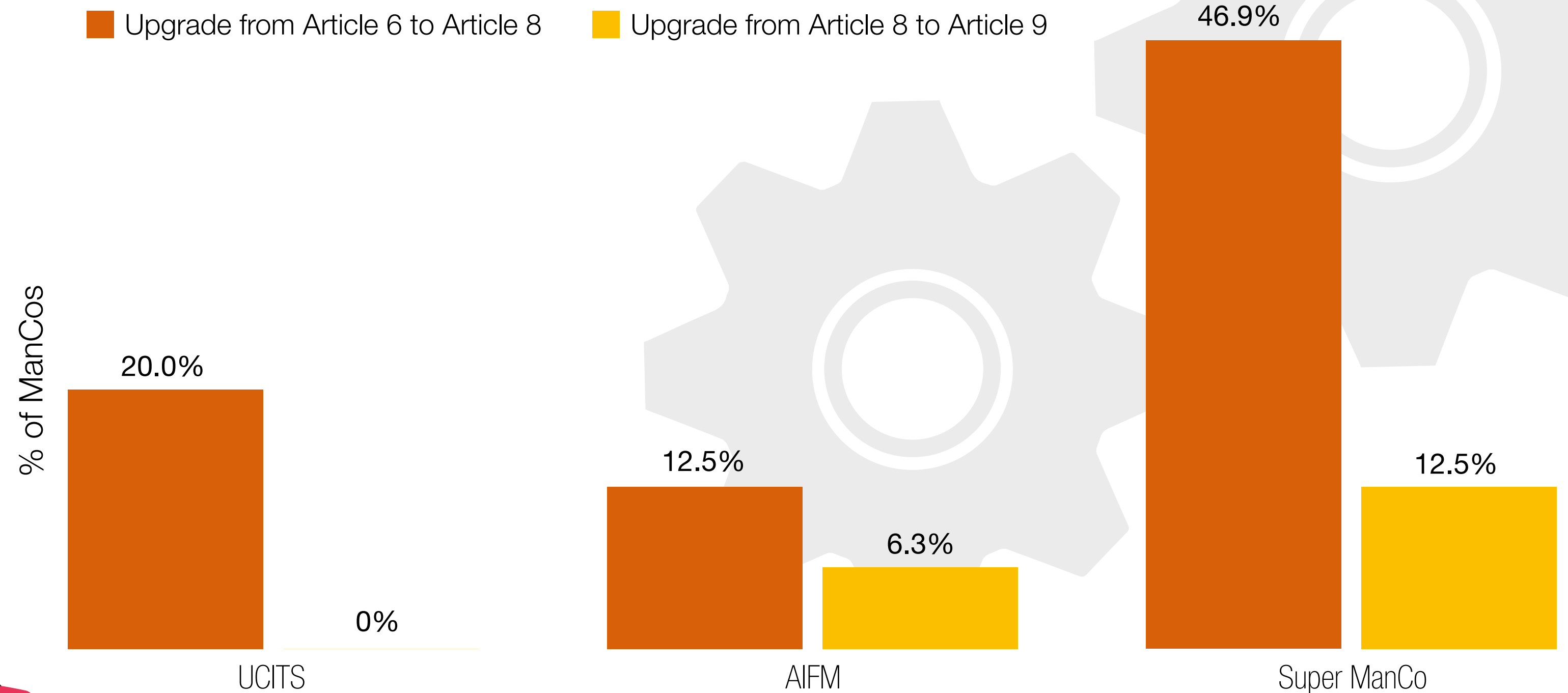
There are 7 times as many Article 8 Funds than Article 9 Funds managed by Management Companies.



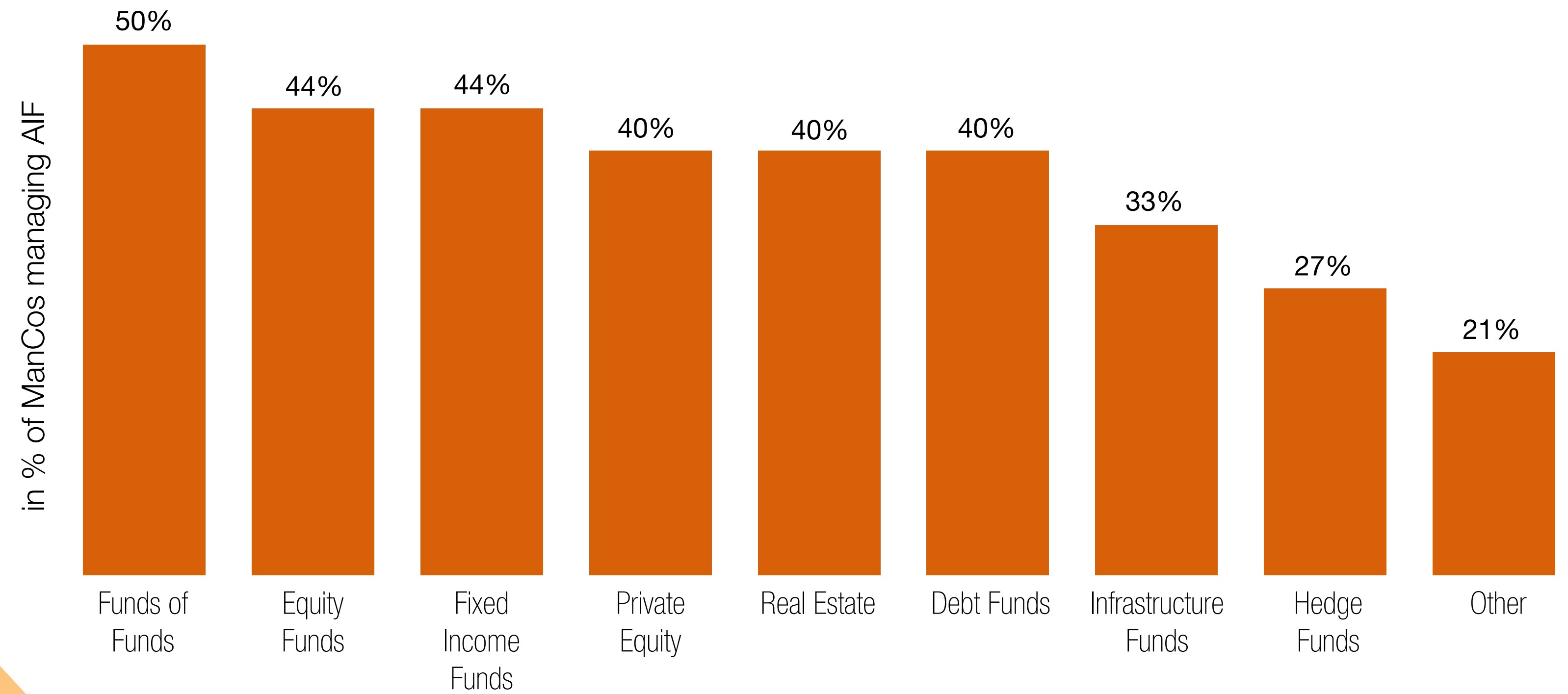
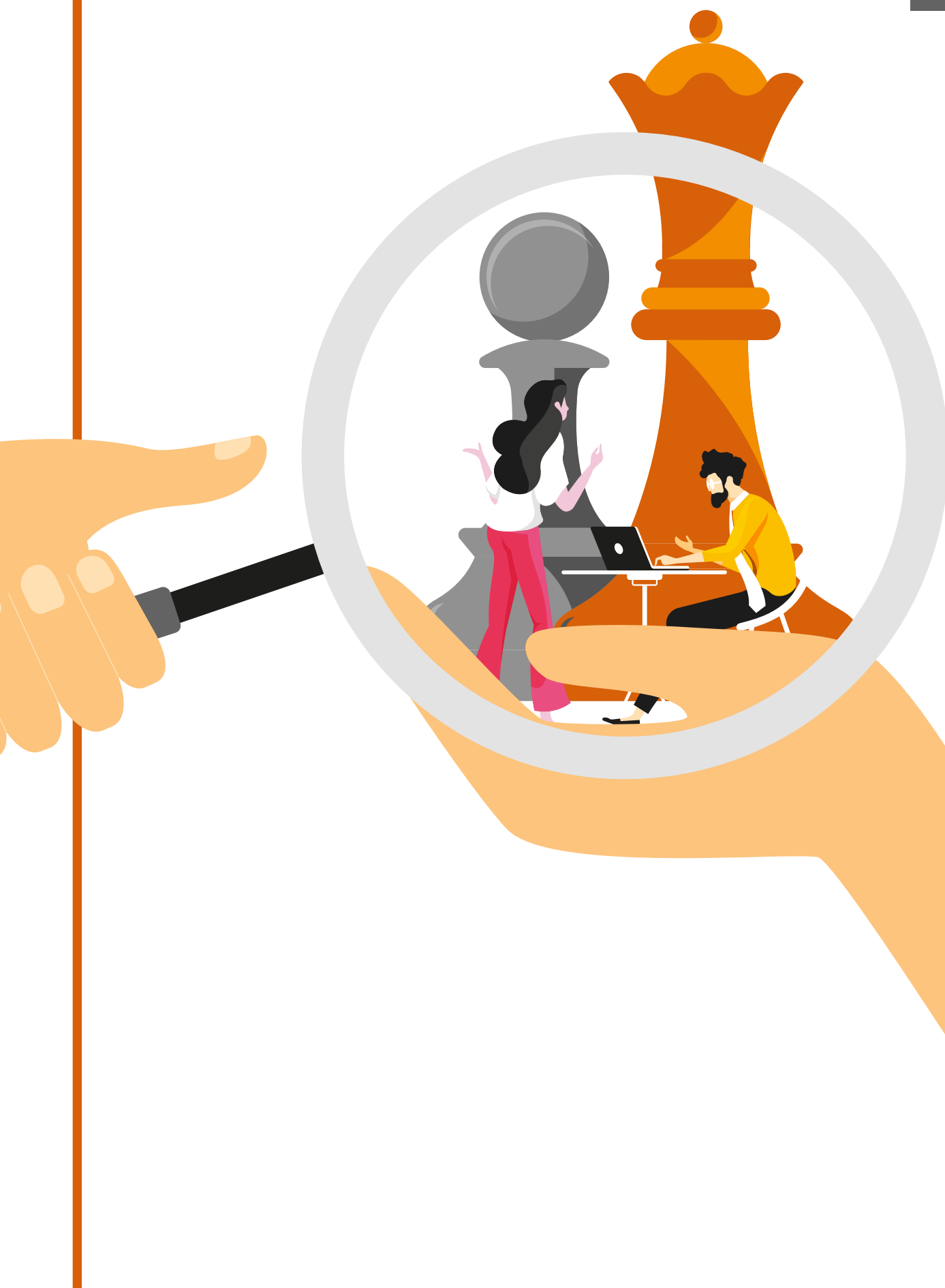
Expected changes of SFDR classification

- Upgrade from Article 6 to 8 is the most popular intended reclassification.
- Planned **downgrades** of any sort are **not common** in the surveyed population, as only 3% of respondents indicated such intentions.
- As per the results of the previous year Barometer, we observed that UCITS, AIFMs and Super ManCos had a higher intention to upgrade their Funds. (75%, 57% and 66% respectively).

Planned upgrades in the upcoming 12 months

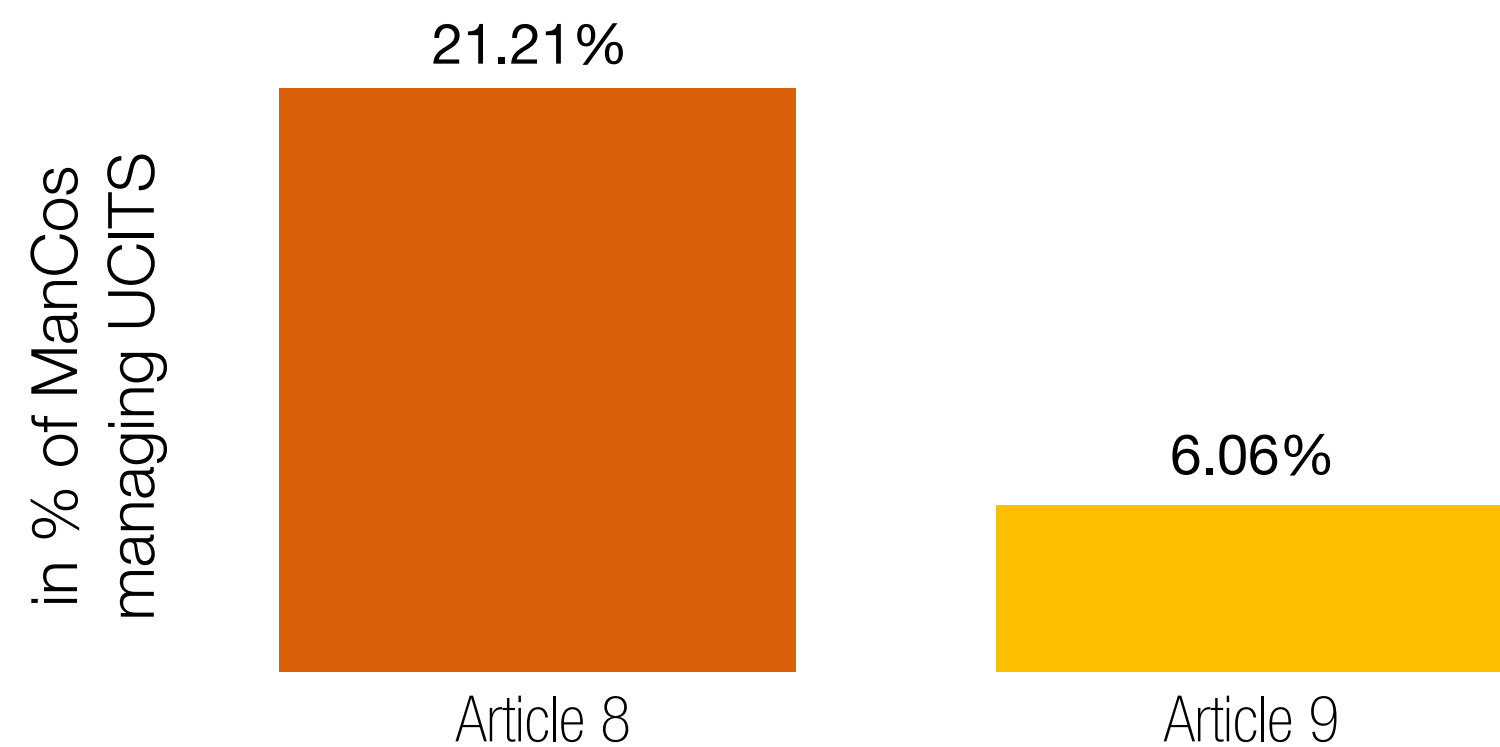


Strategies followed by ManCos managing AIFs



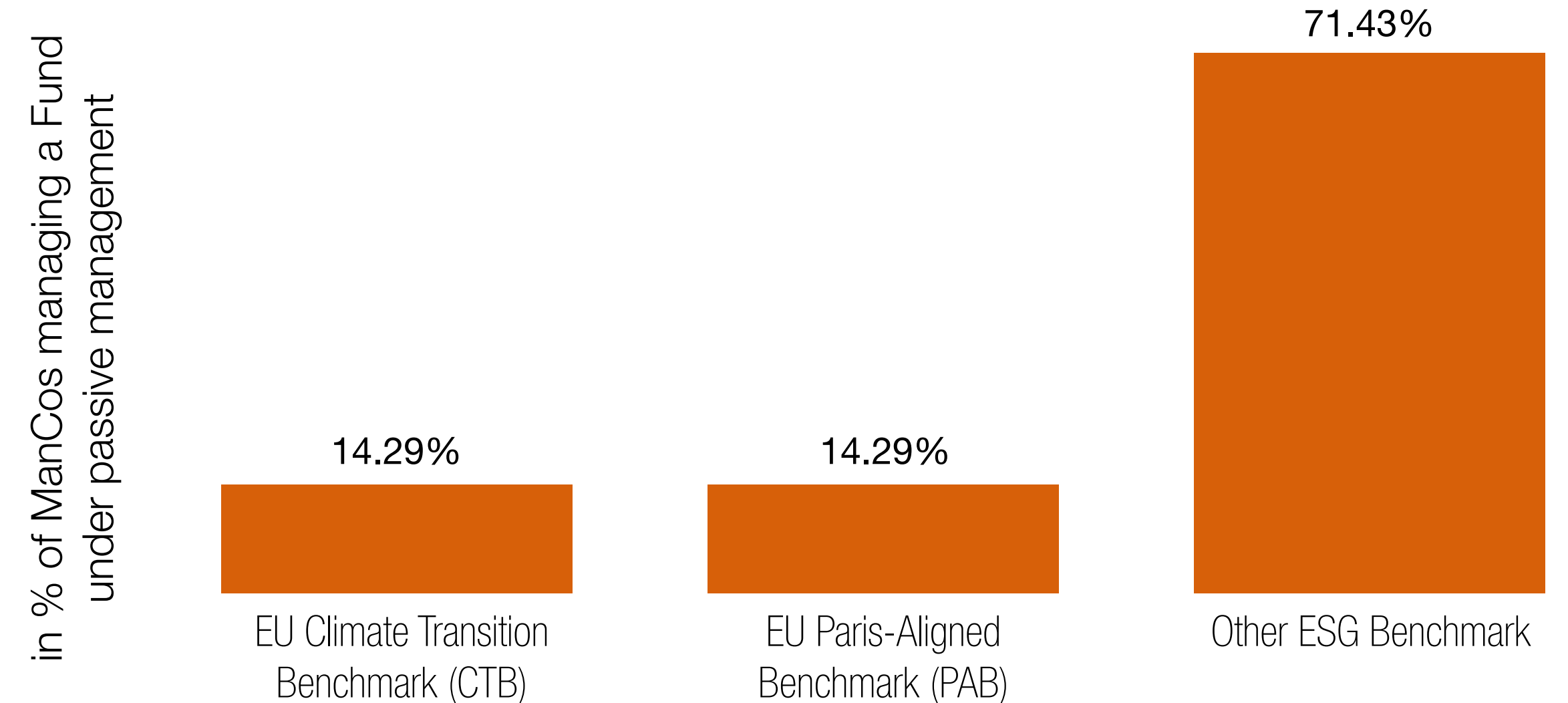
Passive management corner

ManCos managing at least one Article 8 or 9 Fund under passive management



ManCos managing UCITS under passive management have either an Article 8 or and Article 9 Fund in that category.

Types of benchmarks used by ManCos managing Funds under passive management



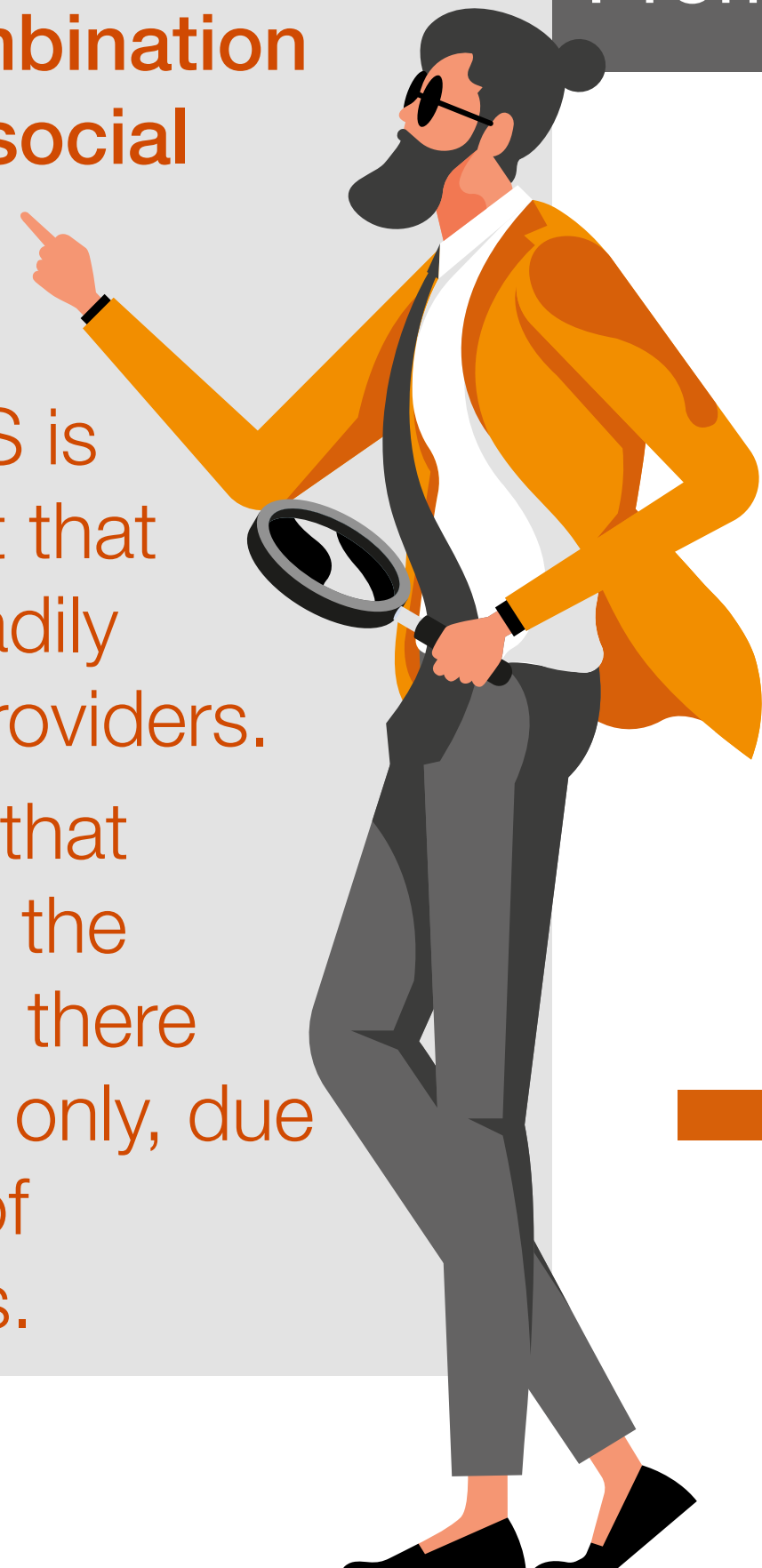
Out of the 21% of ManCos that passively manage UCITS product(s), most of those Funds do not follow CTB or PAB, but other ESG Benchmarks.

Environmental and Social characteristics vs. Sustainable Investment (SI) objectives

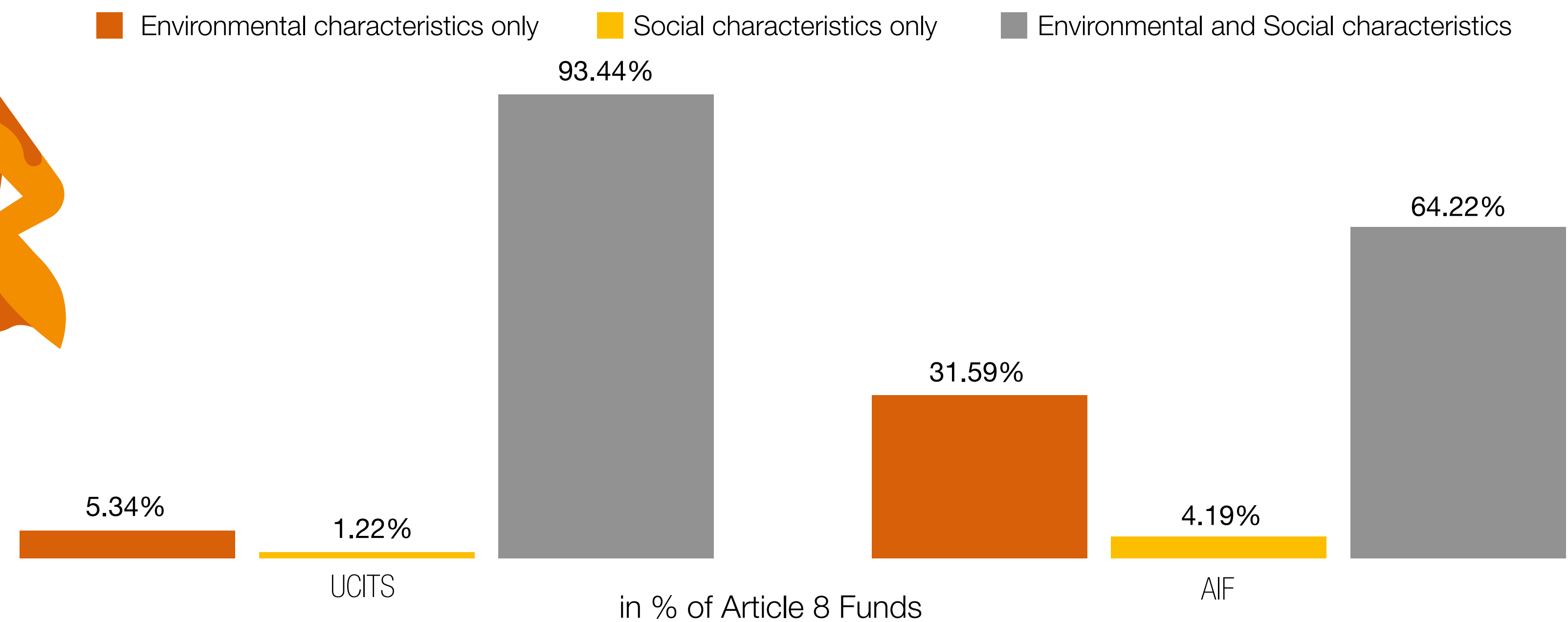
In general, both UCITS and AIF Article 8 Funds promote a **combination of environmental and social characteristics**.

A mixture of E/S characteristics by UCITS is common due to the fact that both E and S data is readily available from various providers.

For AIFs, while we note that the tendency is towards the combination of E and S, there is still a preference for E only, due to easier measurability of environmental indicators.



Promotion of Environmental and Social characteristics

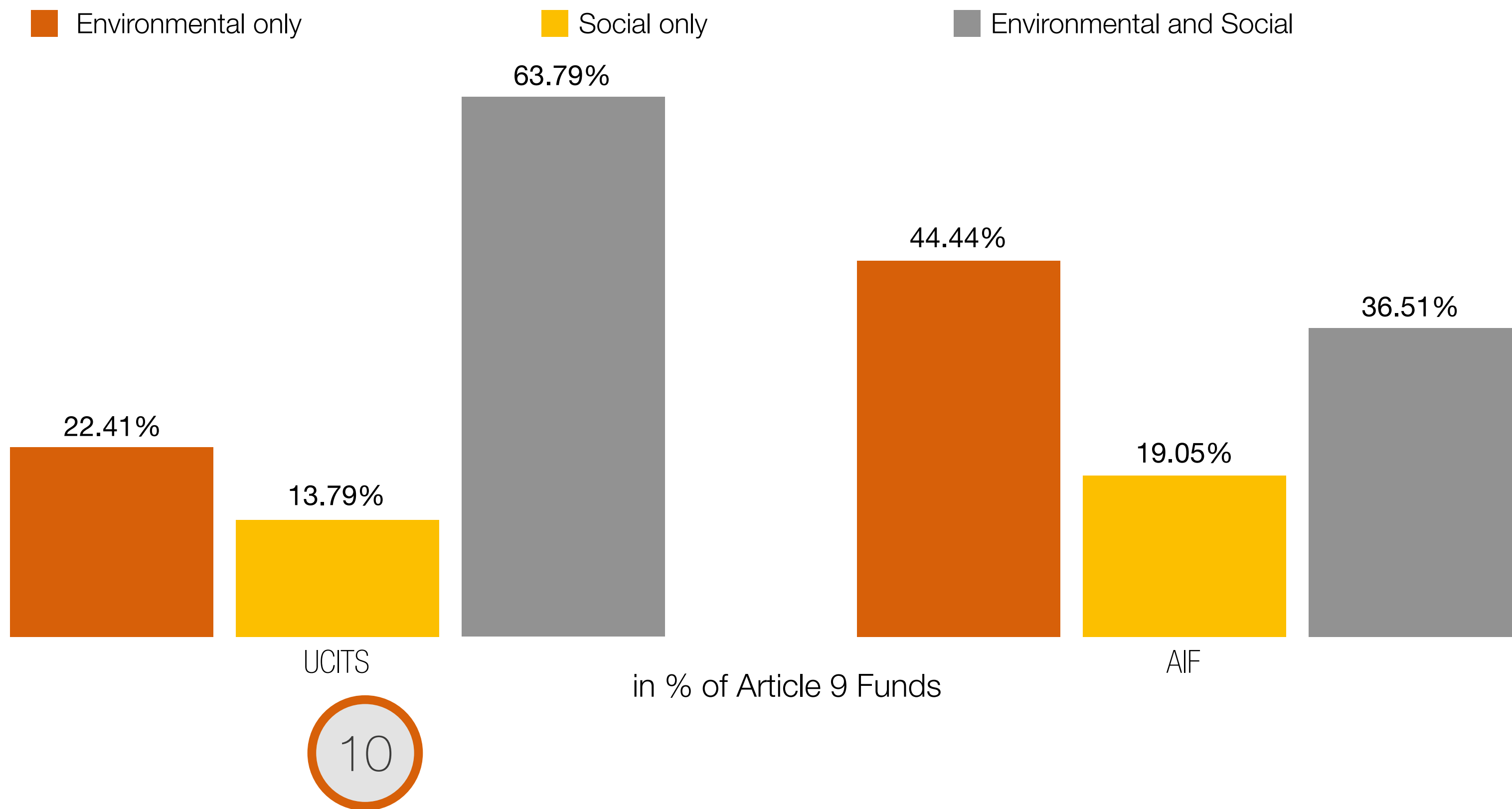


Environmental and Social characteristics vs. Sustainable Investment objectives

Choosing a combination of **environmental** and **social** Sustainable Investment objectives is most popular amongst UCITS, while **environmental** objectives take the lead for AIF Article 9 Funds.



Sustainable Investment objectives



Sustainable Investment commitments of Article 8 Funds

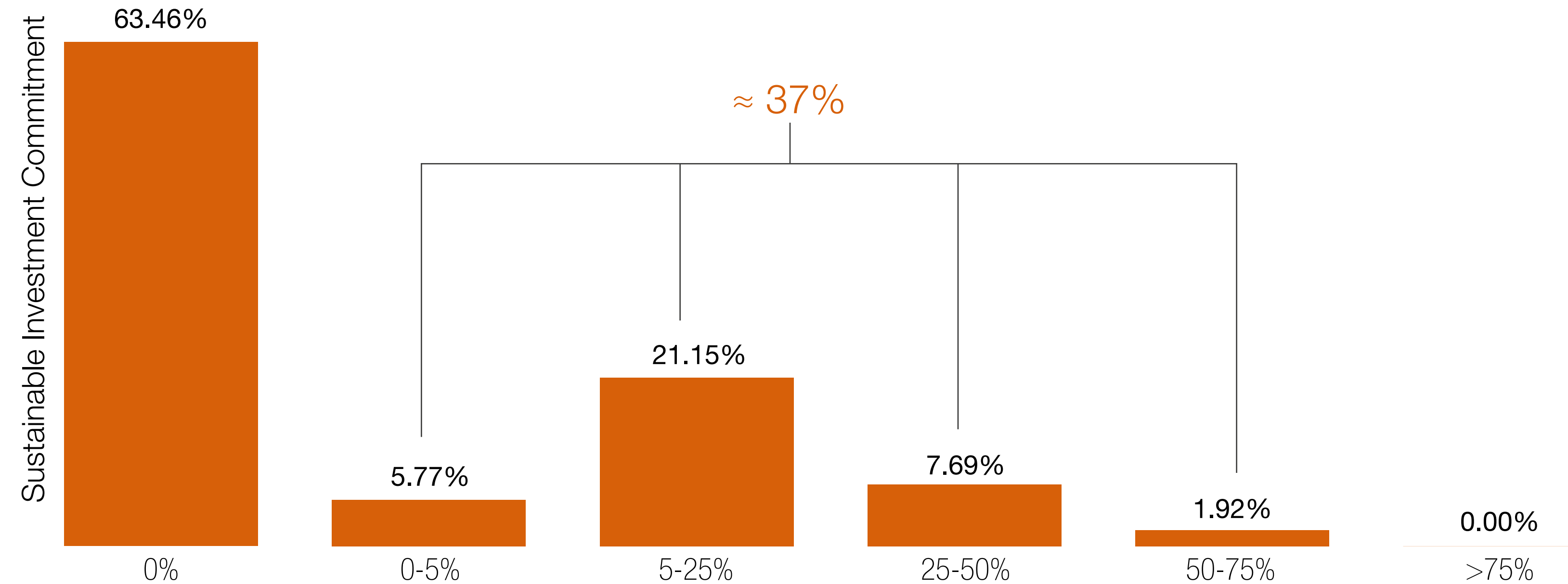
Around 37% of the respondents manage Article 8 Funds that **commit to Sustainable Investments**, making those Funds **Article 8+**.

We note a slight increase of Sustainable Investment commitment with our prior edition of the Barometer for nearly the entire range.

The most popular range still resides within the 5%-25% basket.



Sustainable Investment commitment range

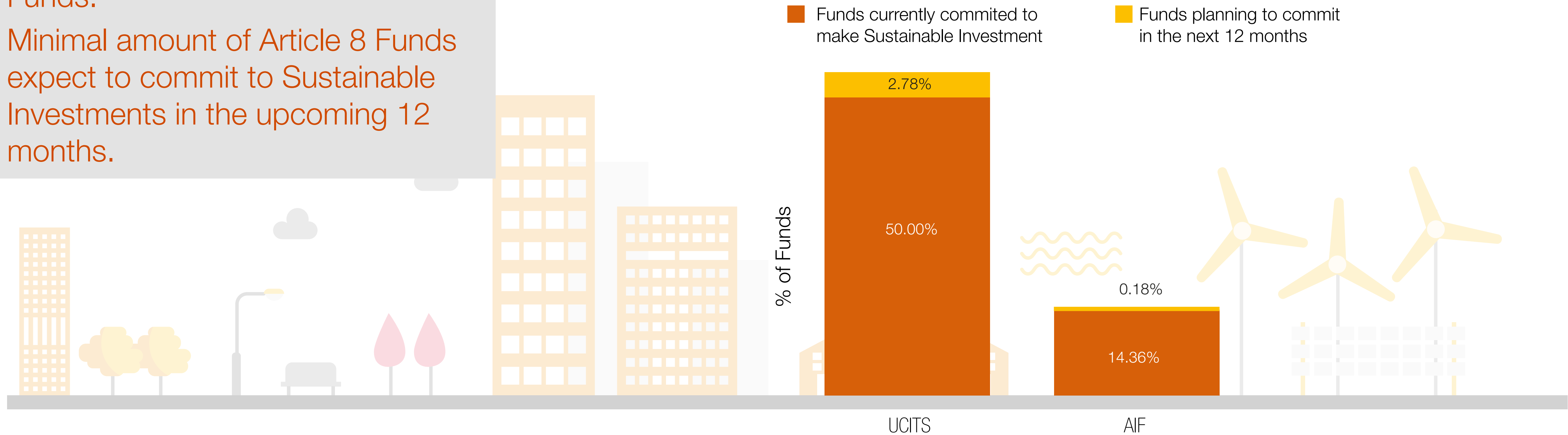


Sustainable Investment commitments of Article 8 Funds

There are generally more Article 8+ UCITS Funds than Article 8+ AIF Funds.

Minimal amount of Article 8 Funds expect to commit to Sustainable Investments in the upcoming 12 months.

Sustainable Investment commitment of Article 8 Funds



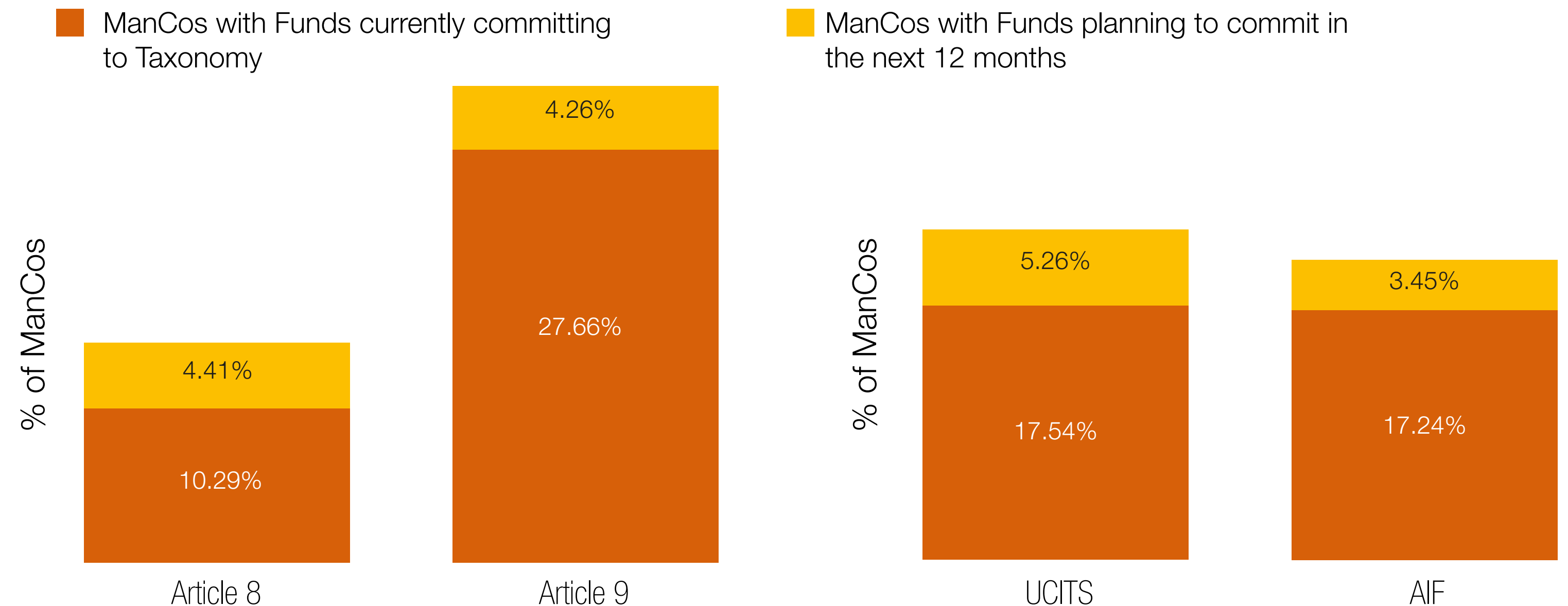
EU Taxonomy aligned investments

Currently around 28% of ManCos that manage article 9 Funds have at least one Fund committing to Taxonomy.

We note a low additional commitment in the upcoming year. There is a very similar commitment level to Taxonomy aligned investments between ManCos managing UCITS and AIF Funds.

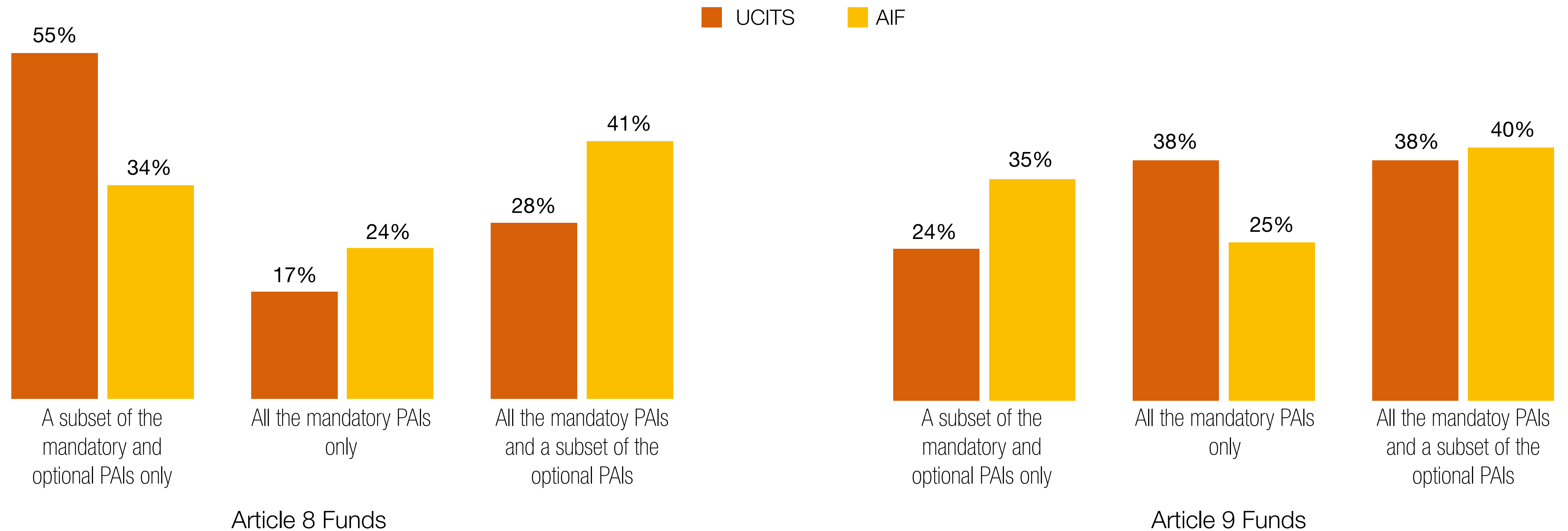
Proportion of ManCos managing at least one Fund with Taxonomy commitment, as per SFDR classification

Proportion of ManCos managing at least one Fund with Taxonomy commitment, as per Fund type



Consideration of Principal Adverse Impact Indicators (PAIs)

PAI consideration by type of Fund

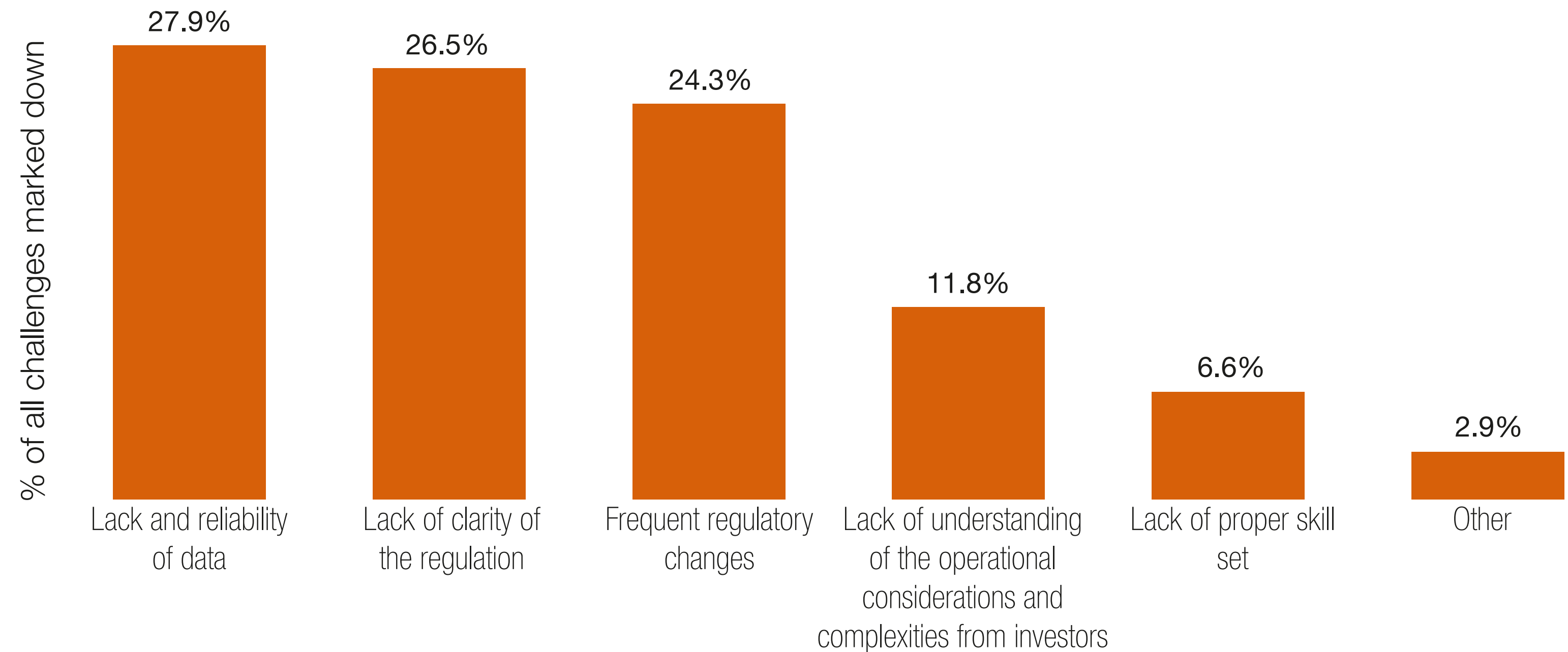


Top Challenges

During our limited assurance procedures we are observing that the main difficulties around the implementation of the SFDR framework are:

- The perception of poor data coverage and quality;
- Interpretation of the Regulation;
- Having a robust methodology.

Top Challenges around SFDR Reporting



ESG Data Sources

57% of respondents use 1 or 2 ESG data providers.

Number of ESG data providers used



4 or more
28.6%

1
35.7%

3
14.3%

2
21.4%

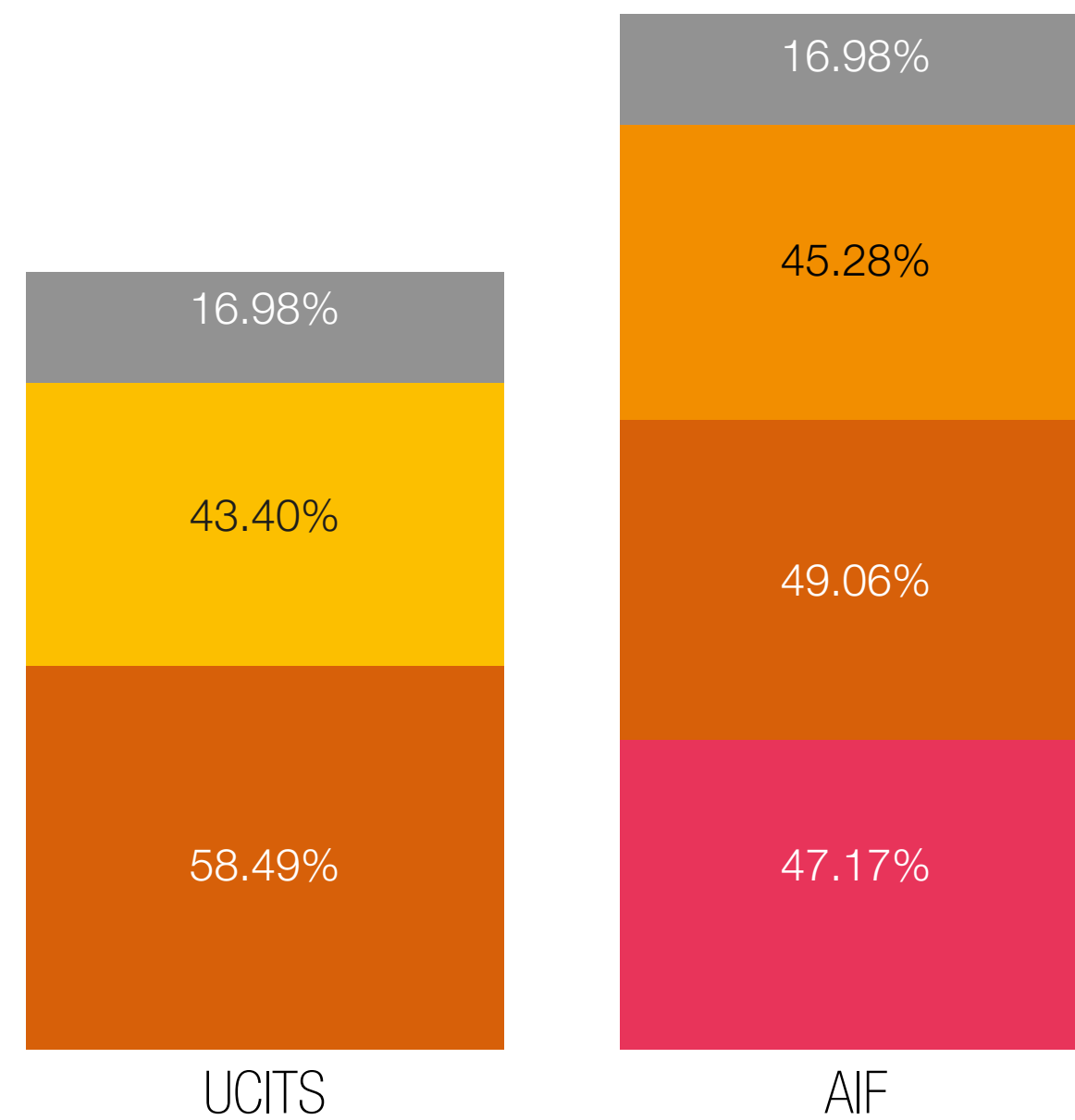


ESG Data Sources

Below are the main ESG data sources considered by ManCos:

ESG data sources used by ManCos

- Corporate reporting of investee companies
- Public reporting of investee companies
- ESG data providers
- Direct engagement with investee companies
- Others

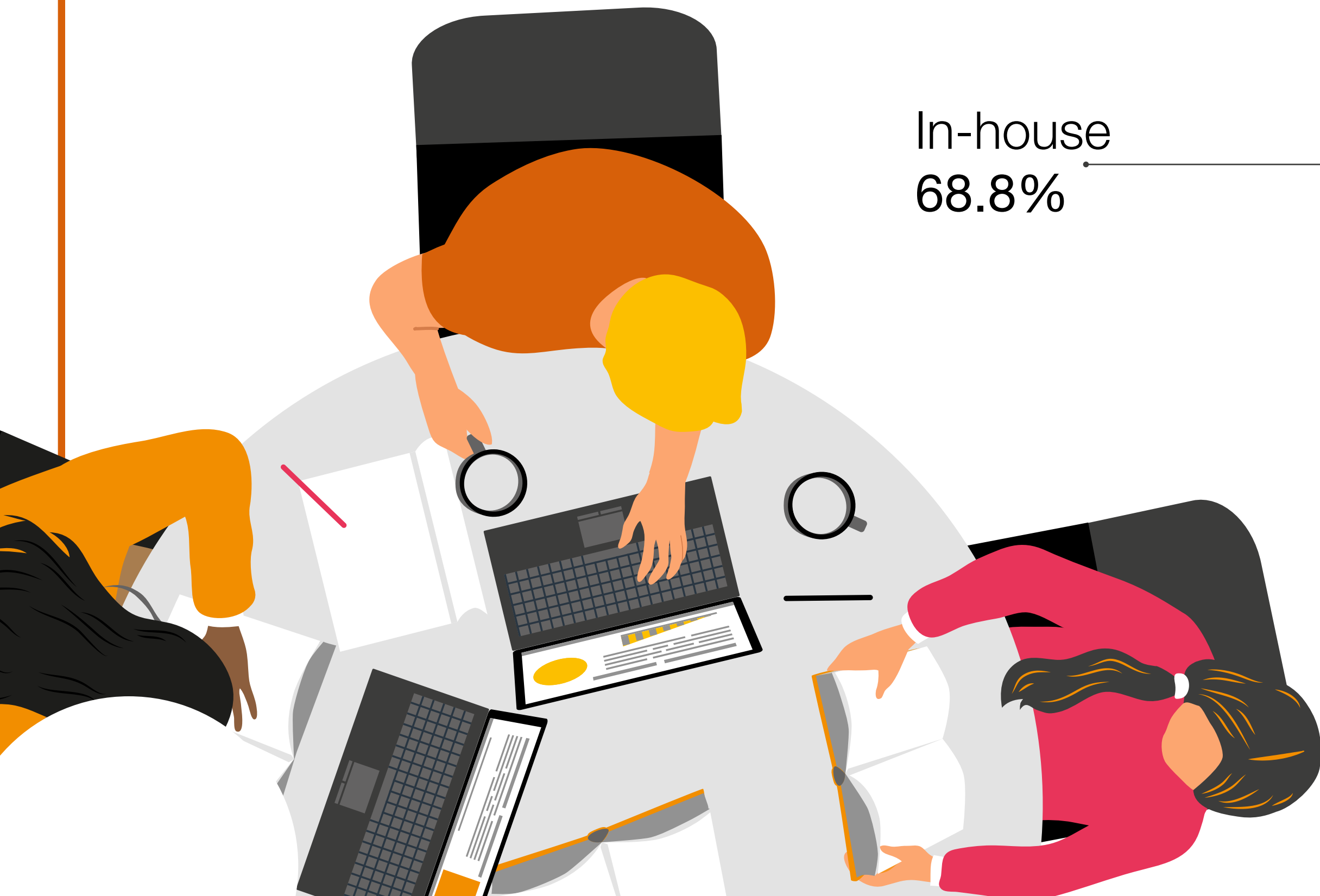


Note: Please note it does not have to total 100% as ManCos were allowed to choose more than 1 option.

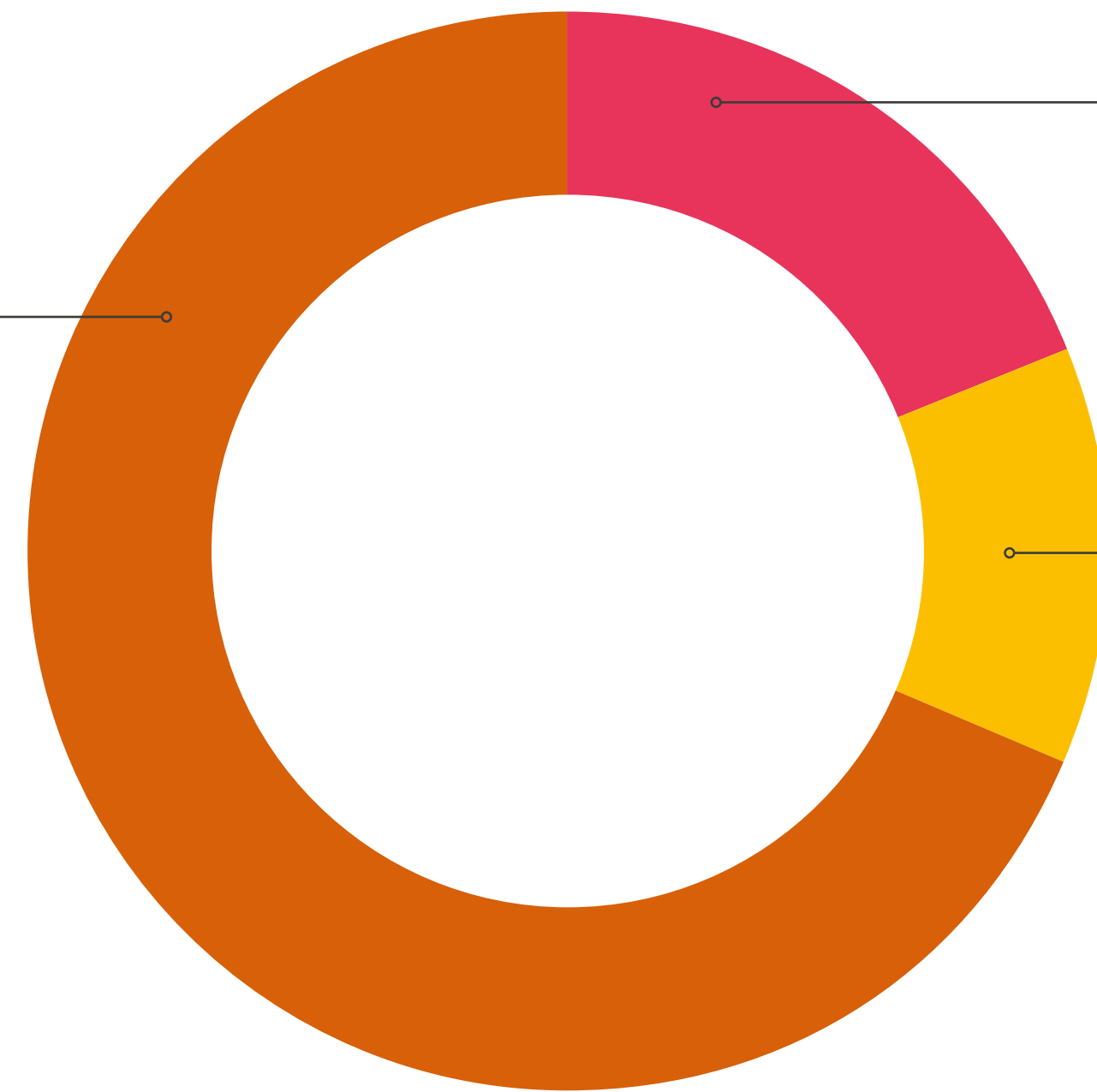
Reporting and Assurance

Two-thirds of ManCos have an in-house function for SFDR production and reporting.

Preparation delegation of the SFDR periodic disclosure



In-house
68.8%



Both
18.8%

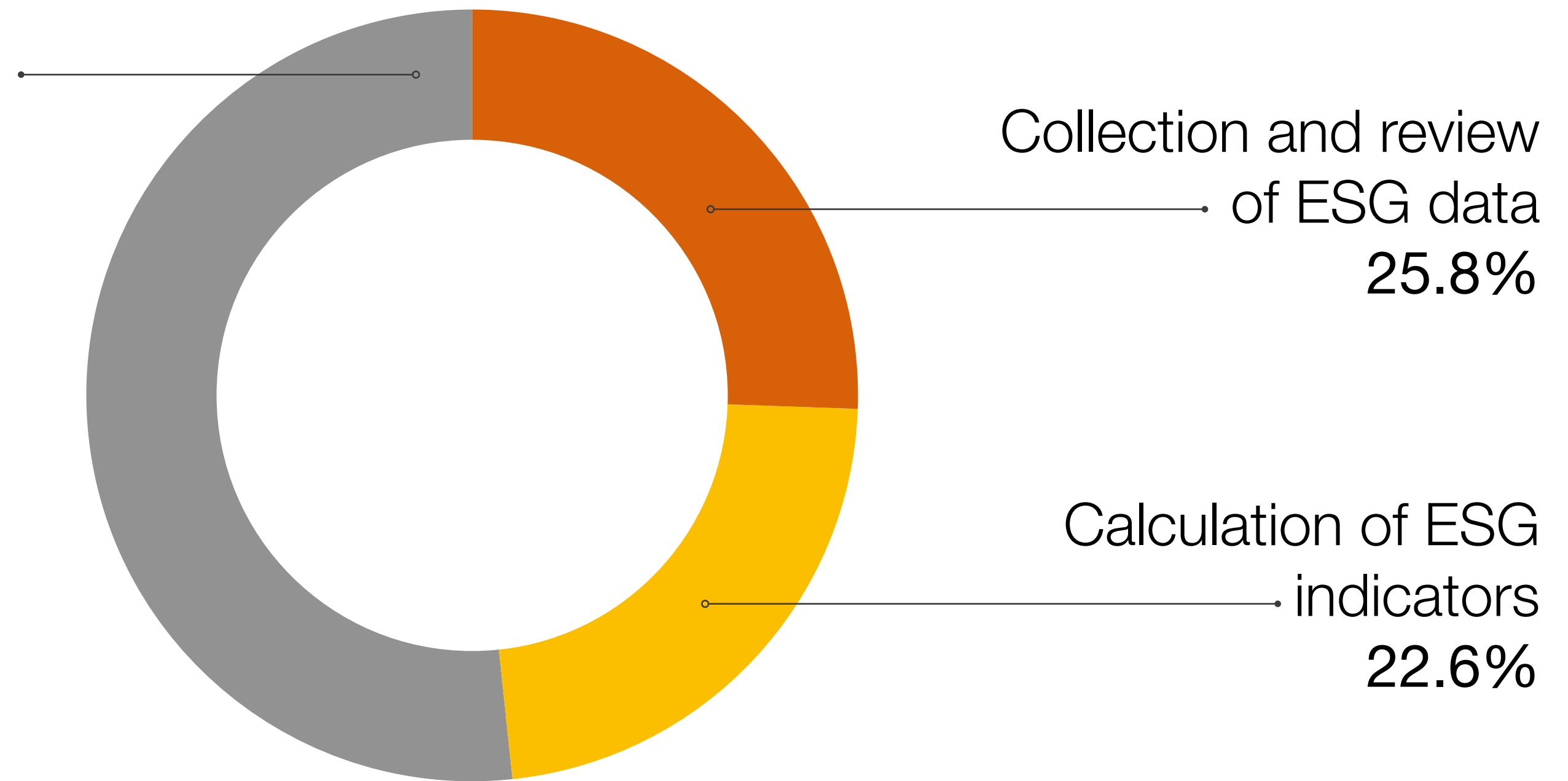
Service provider
12.5%

Reporting and Assurance

52% of respondents use a service provider for the purpose of compiling and producing reports based on data provided by the Management Company.

Role of Service Providers

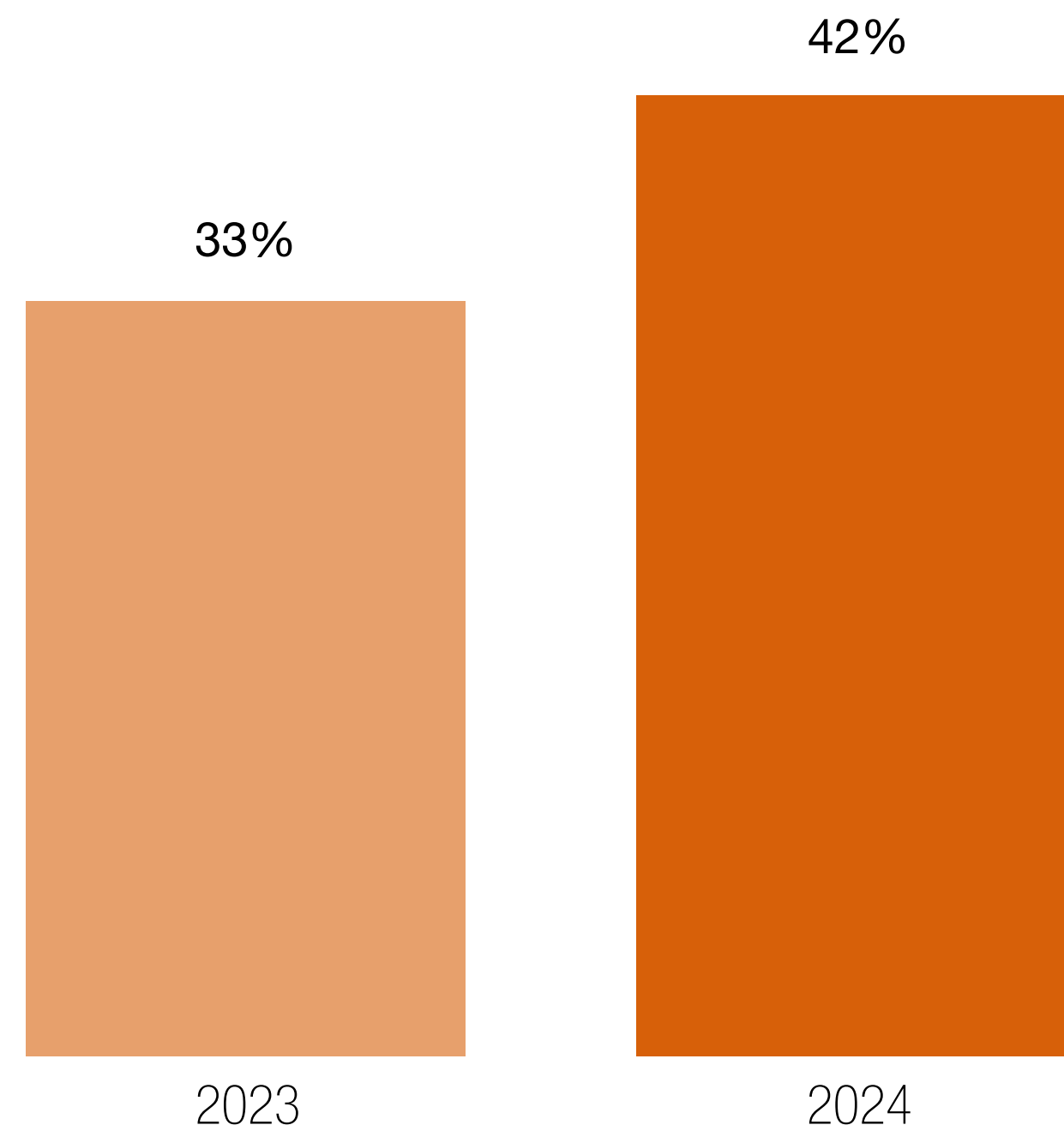
Compilation and production of the reports based on data provided by the Management Company
51.6%



Reporting and Assurance

More than 40% of the respondents already seek assurance on their SFDR annexes.

Proportion of ManCos requesting assurance on SFDR periodic reporting



Prior year, 33% of respondents indicated their plans of requesting Assurance on their SFDR periodic disclosures.



Contacts



Geoffroy Marcassoli
ESG Assurance Leader
PwC Luxembourg
g.marcassoli@pwc.lu
+352 621 335 410



Kenny Panjanaden
ESG Assurance Partner
PwC Luxembourg
kenny.panjanaden@pwc.lu
+352 621 336 078



Shehzad Ahmad Sahib
ESG Assurance Senior Manager
PwC Luxembourg
shehzad.ahmad.sahib@pwc.lu
+352 621 333 668



Bertrand Jaboulay
Management Company
Observatory Leader
PwC Luxembourg
bertrand.jaboulay@pwc.lu
+352 621 332 198

[pwc.com](https://www.pwc.com)

© 2024 PwC. All rights reserved. Not for further distribution without the permission of PwC. “PwC” refers to the network of member firms of PricewaterhouseCoopers International Limited (PwCIL), or, as the context requires, individual member firms of the PwC network. Each member firm is a separate legal entity and does not act as agent of PwCIL or any other member firm. PwCIL does not provide any services to clients. PwCIL is not responsible or liable for the acts or omissions of any of its member firms nor can it control the exercise of their professional judgment or bind them in any way. No member firm is responsible or liable for the acts or omissions of any other member firm nor can it control the exercise of another member firm’s professional judgment or bind another member firm or PwCIL in any way.