



SFDR 1.0 to SFDR 2.0 – A fresh start (?)

Agenda

- 1 Market Insights
- 2 Introduction to SFDR 2.0: Key updates and their implications
- 3 Market outlook and how are other actors navigating the new updates
- 4 What are available options including timeline in navigating the shift to SFDR 2.0?



Market insights

SFDR 2.0: Market welcoming the new proposal appreciating the work ahead

EFAMA – Brussels

“These changes mark an advancement toward a sustainable finance framework that is effective in practice...”

Bloomberg News – New York

Europe Unveils Major Overhaul of ESG Rules for Asset Managers

Eurosif – Brussels

SFDR review takes steps forward, but greenwashing risks remain

IPE – London

Non-sustainability funds expected to dominate EU market after SFDR overhaul

Responsible Investor – London

Investor warn of tricky transition ahead for Article 8 funds under new SFDR

seneca^{ESG} – Singapore

SFDR 2.0: A New Era of Product Categorisation and Simpler Sustainability Disclosure in Europe

CincoDias – Madrid

Bruselas simplifica los fondos de inversión con criterios sostenibles para evitar el ‘greenwashing’

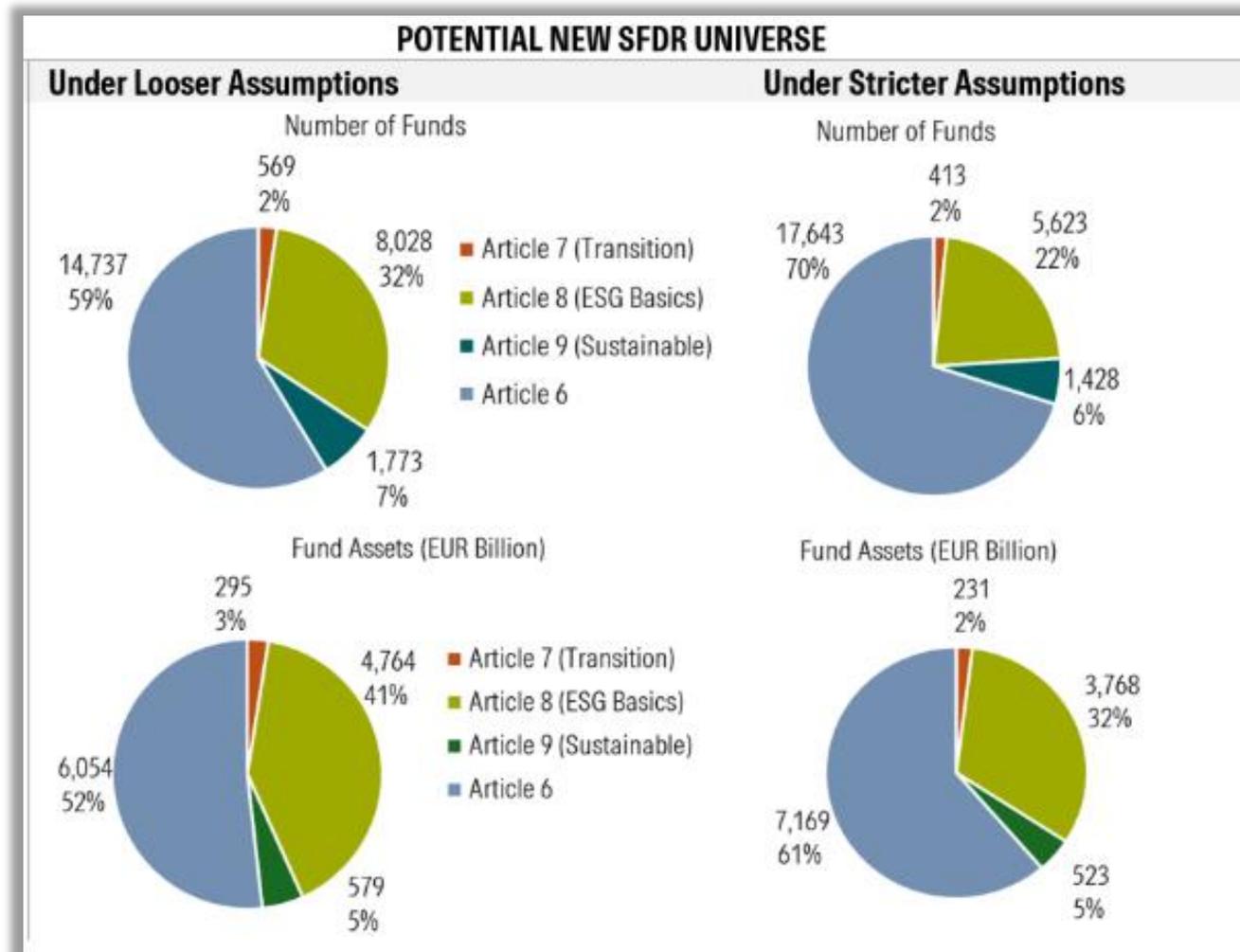
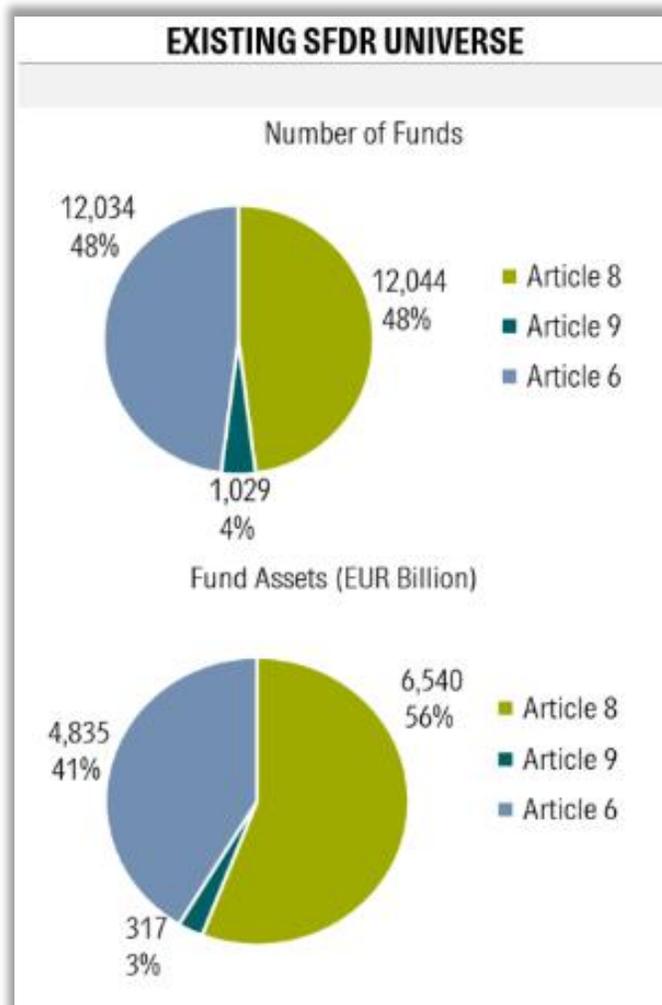
IIGCC – Brussels

“...the wider focus on simplification should not come at the expense of ambition...”

Investment officer – Utrecht

Europe’s fund market faces a major shake-up under SFDR 2

SFDR 2.0: First data insights for public funds → SFDR 1.0 to SFDR 2.0

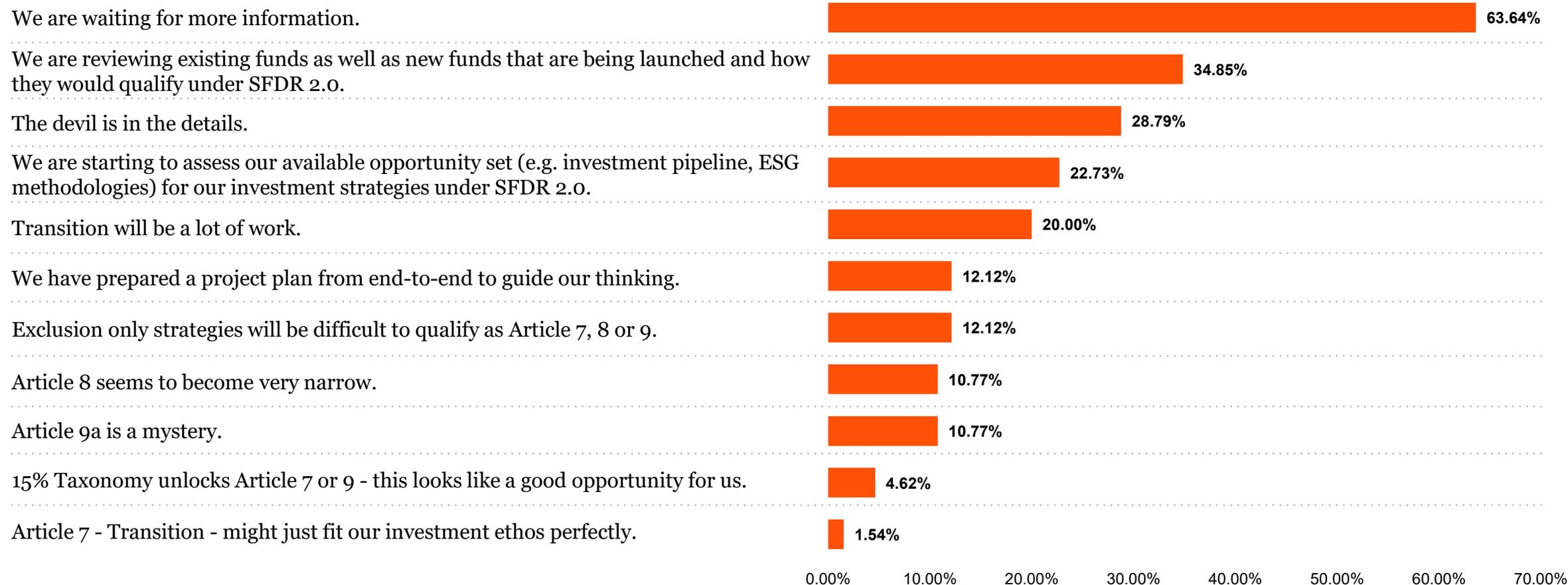


Source: Morningstar Sustainalytics. Data as of November 2025, excluding money market funds, feeder funds, and funds of funds - public funds.

SFDR 2.0 – Early thoughts (66 respondents) | January 2026



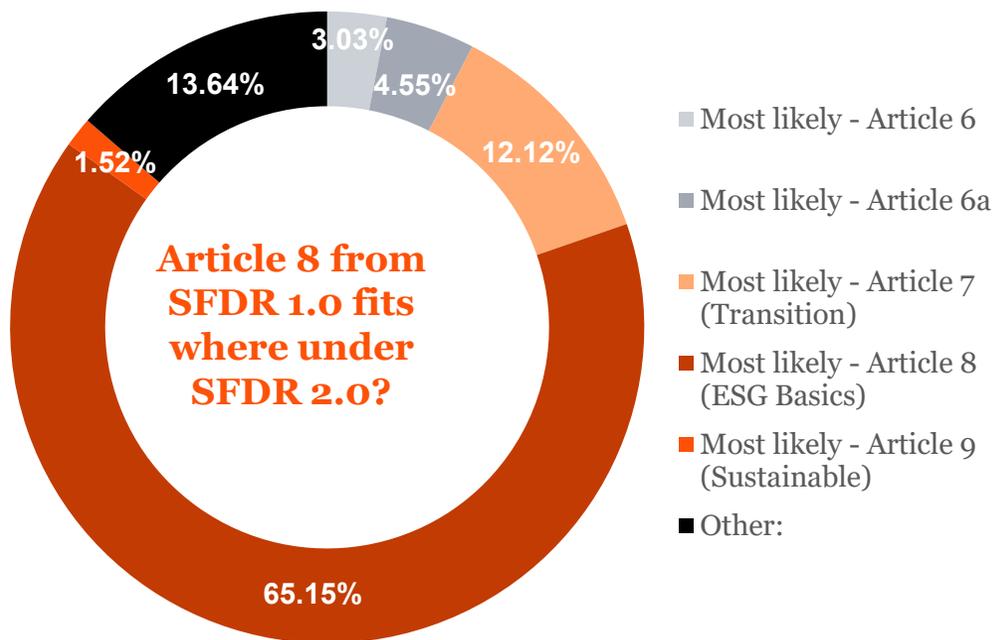
What are your thoughts about the proposal currently looking at your product and service range?



SFDR 2.0 - Snapshot

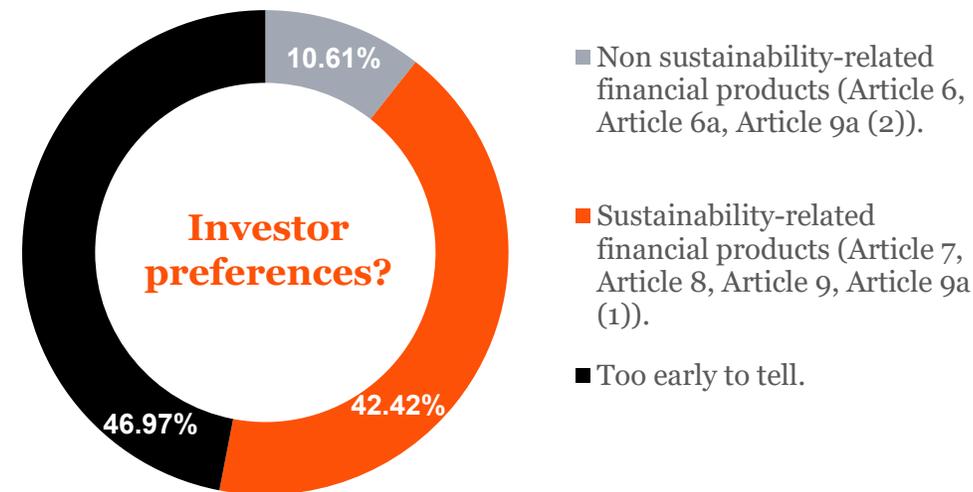


For your existing Article 8 (today) funds, where do you expect they will land under SFDR 2.0?

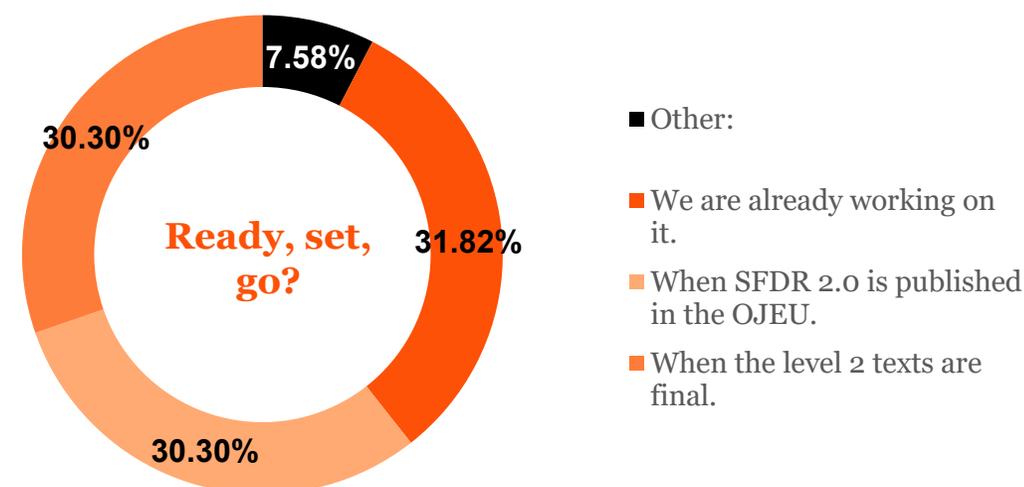


“Other” captures unresolved product-scope classifications (e.g., “Article 9 offering only”, “no ESG offering currently”, or “not yet defined”).

Looking ahead, what do you think your investors / distributors will prefer?



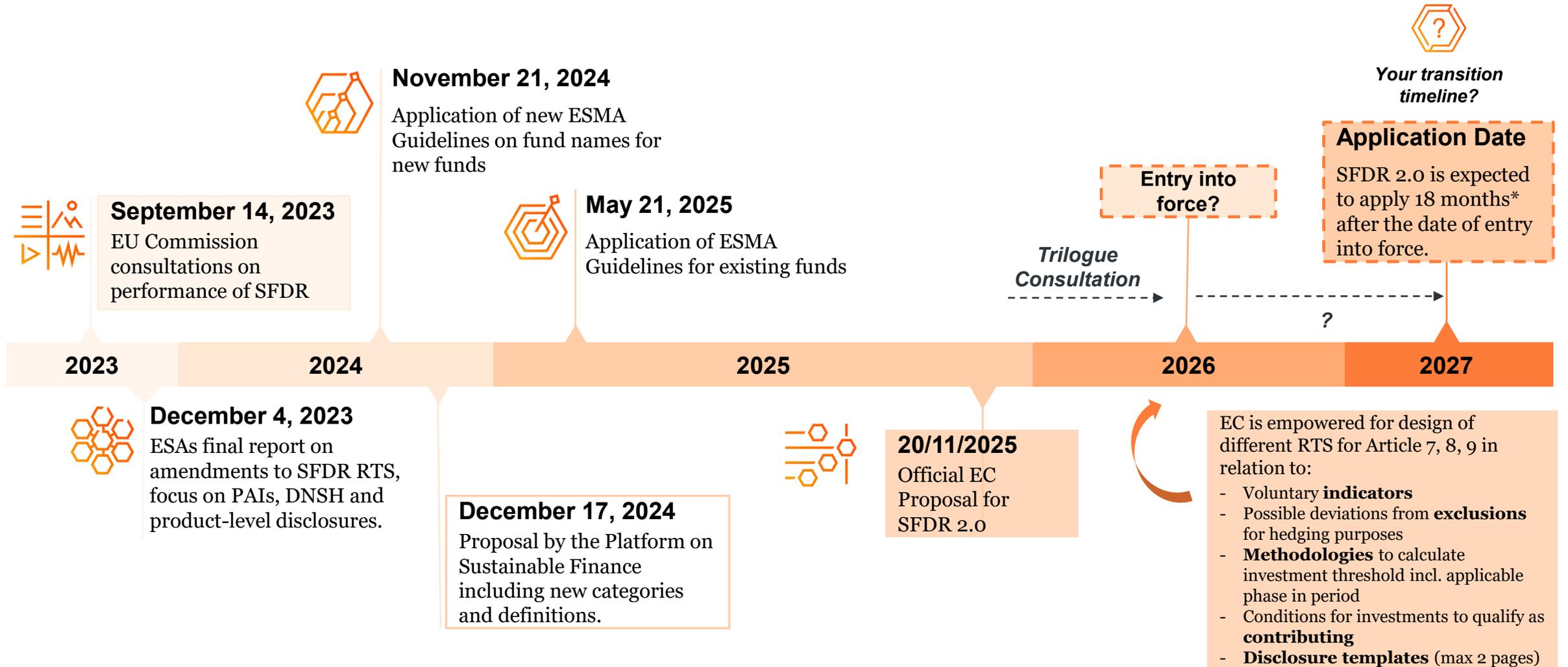
When do you expect to start actively working on this topic?



2

Introduction to SFDR 2.0: Key updates and their implications

SFDR 2.0 – Where are we today



* Be aware ESAP requirements enter into force as well

SFDR 2.0: Executive summary of potential key changes

Transition & Exemptions

- Exemption for closed-ended products created and distributed before date of application SFDR 2.0 possible
- Product categorisation to apply within 12 months following the SFDR 2.0 application date for certain financial products foreseen
- Application of the rules 18 months after entry into force of SFDR 2.0

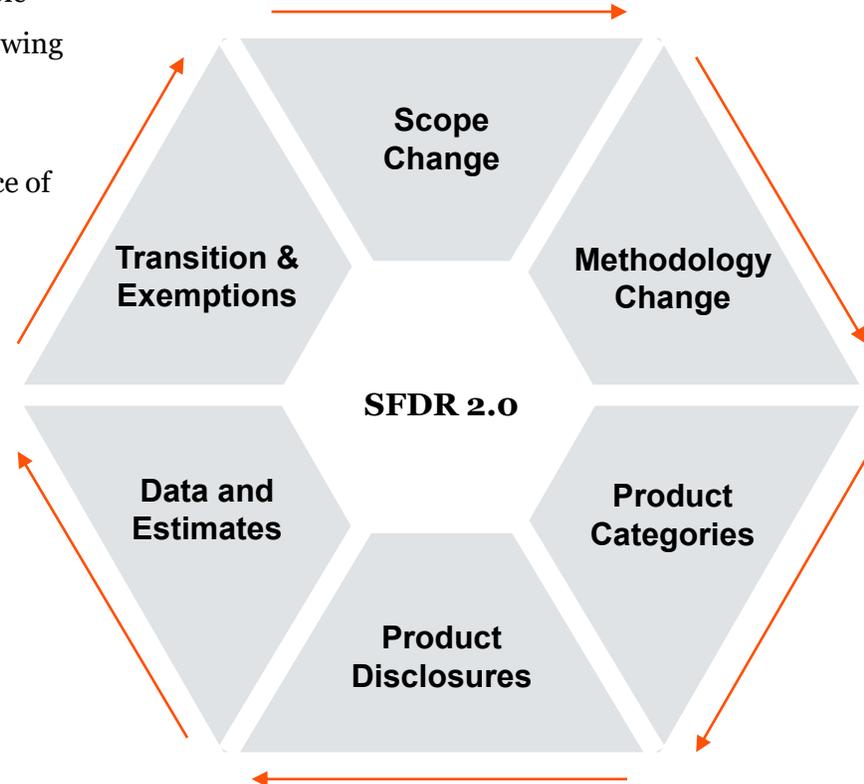
Data & Estimates

- Establishes baseline requirements for the use of sustainability data and estimates, requiring contractual agreements with external data providers and documented methodologies for internally generated estimates.

Product Disclosures

- Pre-contractual → max 2 pages
- Website → same information as pre-contractual and annual reporting (weblink possibly sufficient)
- Annual reporting → max 2 pages

Note: The EC itself is empowered to adopt delegated acts to clarify disclosures and category content.



Out of Scope

- Financial Advisors and DPM excluded
- No PAI Statement at entity level
- No disclosure of consideration of sustainability risks in remuneration
- No NCA gold-plating

Methodology Concept Changes

- Article 2 (17) SFDR removed
- No DNSH (indirect via exclusions for all, specific for Article 7 and 9)
- No Good Governance (indirect via exclusions)

Product Categorisation Scheme

- **3+ product categories** for **sustainability-related products** with min. thresholds (70%), exclusions, eligible investment types & disclosures
- Article 7 – Transition Category (+ Impact)
- Article 8 – ESG Basics Category
- Article 9 – Sustainable Category (+ Impact)
- Article 9a – Combination Category (FoF)

Note 1: Article 2 (26) establishes an impact overlay (pre-defined, positive and measurable S or E impacts with investments that provide solutions to address specific E / S challenges); only possible for Article 7 and 9

Note 2: Article 6a products are allowed to disclose (within limits) how they apply sustainability risk or sustainability factors

SFDR 2.0: An Overview of categories – simplification for your range?

Categories for Sustainability-related financial products

6
Sustainability Risk

6a
Voluntary Transparency on integration of sustainability factors

7
Transition

8
ESG Basics

9
Sustainable

9a⁽¹⁾
Financial Products claiming to combine categorized products

9a⁽²⁾
Financial Products claiming to combine categorized products

No change to SFDR 1.0

 **New**

 **New**

 **New**

 **Materially changed vs SFDR 1.0**

 **New**

 **New**

* marketing of sustainability factors

* marketing of sustainability factors
✓ 10% rule for disclosure in PPM / annual report*

✓ marketing of sustainability factors

* Investment restrictions

* Investment restrictions

✓ 70% vs. 15%
✓ Exclusions
✓ Eligible Investments
✓ PAI

✓ 70%
✓ Exclusions
✓ Eligible Investments

✓ 70% vs. 15%
✓ Exclusions
✓ Eligible Investments
✓ PAI

✓ 70%
✓ Exclusions
✓ Eligible Investments for quota also other than FP

No threshold – at least two or more financial products invested in / exposed to or constituted of

* Not possible
✓ Required

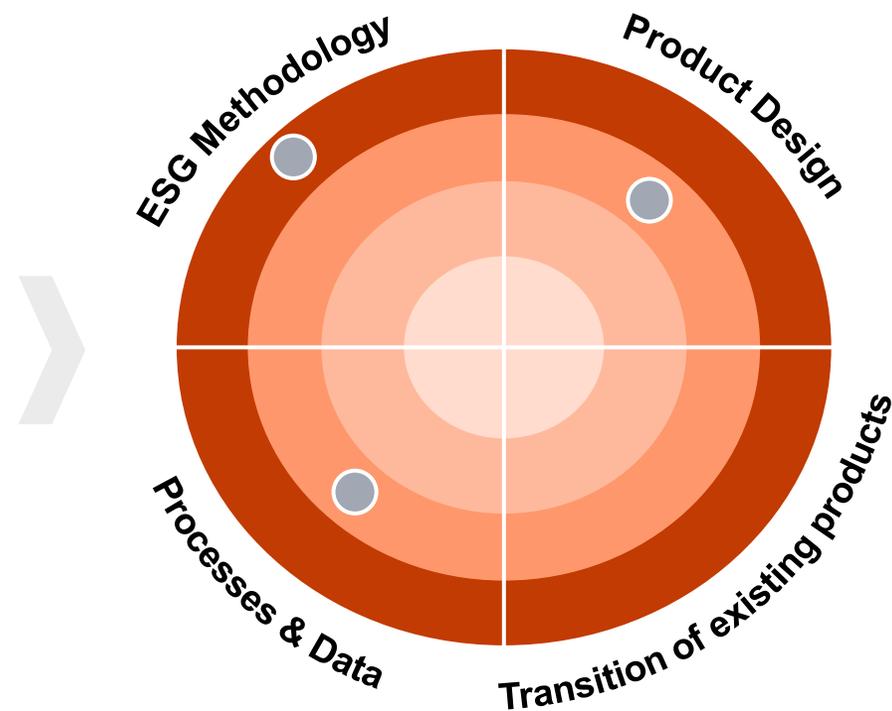
+ Impact possible

+ Impact possible

SFDR 2.0: Main criteria and impacts for the sustainability-related products

Transition – Art. 7	Main Requirements	
1 Category Objective	Clear and measurable transition objective(s) evidenced by credible sustainability indicator(s)	
2 Threshold	70% in Eligible Investments	OR 15% in Taxonomy-aligned investments
3 Eligible Investments (selection & relative share)	<ul style="list-style-type: none"> a. EU CTB or EU PAB aligned b. Taxonomy aligned incl. transitional c. Taxonomy eligible - if become taxonomy aligned over 5 / 10 (max) years d. Credible transition plan for at least one sustainability factor e. Credible science-based targets f. Credible sustainability-related engagement strategy (specific change targets, milestones, measurement and integrated escalation actions) g. Art. 9 (2) eligible investments h. Portfolio based transition objectives i. Other investments with proper justification in the disclosures to support the objective 	
4 Exclusions	<ul style="list-style-type: none"> ▪ PAB exclusions (a-d) ▪ No new projects (value chain) - or no phase-out plan - in relation hard coal and lignite, oil & gaseous fuels ▪ Carve out for use of proceeds (if PAB a-d ✓) 	
5 PAI	<ul style="list-style-type: none"> ▪ Identify & disclose principal adverse impacts ▪ Explain any actions taken to address impacts 	

Early Impacts compared to today's overall market practices



Article 7 – Pre-contractual disclosure mock up

No template exists for now

Required Disclosure Elements		Article 7 – Transition				
1.	Name of the fund	Climate Transition Fund				
2.	Statement that the product meets the conditions of the category	The Climate Transition Fund will meet the conditions of Article 7 as detailed below in more details, ensuring compliance with the minimum requirements [as of Date – until Date].				
3.	Transition-related objective(s)	To support the economy’s decarbonisation while seeking long-term capital growth by investing in issuers with credible, science-based transition plans and improving emissions performance. The Fund targets an annual reduction of the portfolio’s greenhouse-gas intensity of at least 7% and uses active ownership to accelerate alignment.				
4.	Transition-related strategy to comply with minimum threshold	The financial product will invest at least 70% of its investments supporting the transition-related objective.				
5.	Choice and relative share of investments			EU CTB or EU PAB aligned		Taxonomy aligned
		x	5%	Taxonomy transitional		Taxonomy eligible plus 5 years / 10 years
		x	15%	Credible transition plan		Credible science-based targets
				Credible sust.-related engagement strategy		Article 9 (2) investments
				Transition target at portfolio level	x	50%
6.	Phase-in period for minimum threshold	The financial product expects to reach the minimum thresholds within [x] years after the end of the Investment Period and as of the time of the liquidation of the investments.				
7.	Sustainability-related indicator(s) used for measuring compliance with the strategy and progress toward the objective	<ul style="list-style-type: none"> [X %] credible transition plans in line with standard setter XYZ 				
8.	Information on actions to address any underperforming assets in terms of the objective & chosen indicator(s)	<ul style="list-style-type: none"> [TBD] 				
9.	Exclusion compliance statement	The financial product intends to comply with the exclusions referred in Article 12(1), points (a), (b), (c) and (d) of Commission Delegated Regulation (EU) 2020/1818 and [...]				
10.	Data sources used to inform the above	Primary data sources are [...], complemented by specific detail in relation to emissions factors sourced from [...]. Exclusion compliance will be based on information provided by the individual companies and complemented by web-based search engines and specific sources focusing on controversies or early warning signs.				

SFDR 2.0: Main criteria and impacts for the sustainability-related products

ESG Basics – Art. 8

1 Category Objective

2 Threshold

3 Eligible Investments
(selection & relative share)

4 Exclusions

Main Requirements

Integrate sustainability factors in strategy/design **beyond risk management measured** using an appropriate sustainability indicator

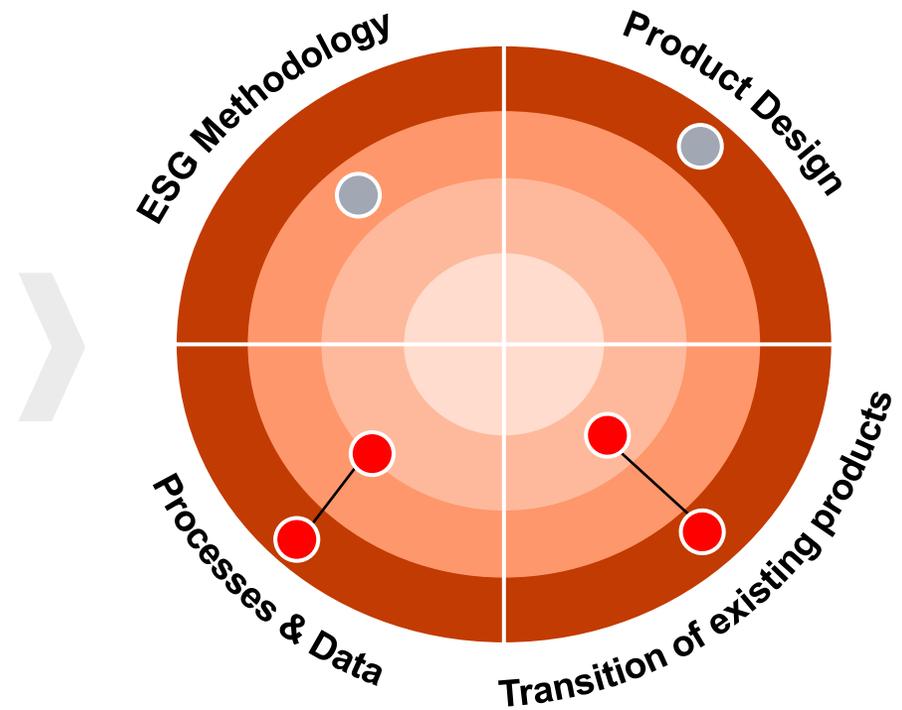
70% in Eligible Investments

- a. **ESG rating outperforming average rating** of the investment universe of the ref. benchmark
- b. **Appropriate** sustainability indicator **outperforming average investment universe or reference benchmark**
- c. **Proven positive track record** in terms of processes, performance or outcomes related to sustainability factors
- d. Art. 7 (2) & 9 (2) eligible investments
- e. **Other investments** with proper justification in the disclosures to support the objective

100%

- PAB exclusions (a-d)
- Carve out for use of proceeds (if PAB a-d ✓)

Early Impacts compared to today's overall market practices



SFDR 2.0: Main criteria and impacts for the sustainability-related products

Sustainable – Art. 9

1 Category Objective

2 Threshold

3 Eligible Investments
(selection & relative share)

4 Exclusions

5 PAI

Main Requirements

Clear & measurable sustainability objective(s) measured using **appropriate sustainability indicators**

70% in Eligible Investments

OR

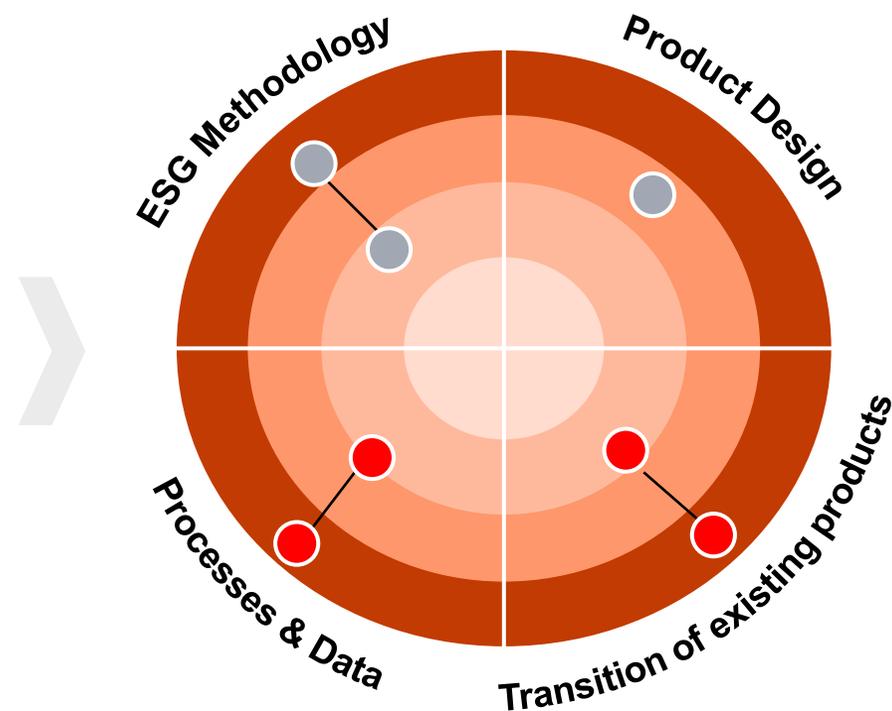
15% in Taxonomy-aligned investments

- a. EU PAB aligned
- b. Taxonomy aligned
- c. EU Taxonomy Green Bonds
- d. Investments and co-investments in Union issuances and funds backed by the EU budget with ESG objectives
- e. Comparable assets to a-c with a justification for high sustainability performance standards
- f. EuSEF (European Social Entrepreneurship Fund)
- g. **Other investments** with proper justification in the disclosures to support the objective

- PAB exclusions
 - No new projects (value chain) - or no phase-out plan - in relation hard coal and lignite, oil & gaseous fuels
 - Carve out for use of proceeds (if PAB a - g ✓)
- 100%**

- Identify & disclose principal adverse impacts
- Explain any actions taken to address impacts

Early Impacts compared to today's overall market practices



SFDR 2.0: Main criteria and impacts for the sustainability-related products

Art. 9 a	Option 1 – Sustainability Category	Option 2 – No Category
1 Category Objective	Claim to invest in Article 7, 8 or 9	Claim to invest in at least two+ financial products categorized as Article 7, 8 or 9
2 Threshold	70% in Eligible Investments	No requirement, does not meet threshold of 70% but minimum
3 Eligible Investments	<ul style="list-style-type: none">▪ Article 7▪ Article 8▪ Article 9▪ Investments that meet the requirements of Article 7, 8 or 9	<ul style="list-style-type: none">▪ Article 7▪ Article 8▪ Article 9▪ All other investments
4 Exclusions	<ul style="list-style-type: none">▪ Applicable exclusions of respective 100% ? SFDR 2.0 categories (for financial products reliance on disclosed information possible)	<ul style="list-style-type: none">▪ Applicable exclusions only relevant for investments in financial products categorised as Article 7, 8 or 9

Closer look: minimum exclusions

Common exclusions for all three categories

(PAB exclusions, Art. 12(1), (a) - (d), of Delegated Regulation (EU) 2020/1818)

- **Controversial Weapons**

Companies involved in any activities related to controversial weapons

- **Tobacco**

Companies involved in the cultivation and production of tobacco

- **Violation of international standards**

Companies that benchmark administrators find in violation of the principles of the United Nations Global Compact (UNGC Principles) or the OECD Guidelines

- **Coal production revenue**

Companies that derive 1 % or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite

Additional exclusions for Transition and Sustainable categories

(new exclusions, SFDR 2.0 Proposal)

- **New projects for fossil fuel production**

Companies that develop new projects for the exploration, extraction, distribution or refining of hard coal and lignite, oil fuels or gaseous fuels

- **Coal production for power generation**

Companies that develop new projects for, or do not have a plan to phase-out from, the exploration, mining, extraction, distribution, refining or exploitation of hard coal or lignite for power generation.



Additional exclusions for Sustainable category

(PAB exclusions, Art. 12(1), (e) - (g), of Delegated Regulation (EU) 2020/1818)

- **Oil fuels related revenue**

Companies that derive 10 % or more of their revenues from the exploration, extraction, distribution or refining of oil fuels

- **Gaseous fuels related revenue**

Companies that derive 50 % or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels

- **GHG intensive electricity generation**

Companies that derive 50 % or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO₂ e/kWh



Sustainable investments x the defense sector

EU Commission Guidance

The EU Commission underscores that **defense is compatible with sustainable finance**. The guidance from December 2025 removes ambiguity that has led to exclusion of defense from investment portfolios, it states that.

- Defense industry can contribute to EU and UN objectives by ensuring peace and security
- Risk mitigation is applied through EU legislation on multiple levels via
 - International treaties and EU legislation regulating use and export
 - Legislative files of the sustainable finance framework
- Defense can be classified as a sustainable investment based on a careful case-by-case assessment



https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C_202504950



SFDR

- Defense is not excluded; SFDR does not prohibit financing of the sector
- PAI 14 covers four categories of internationally prohibited weapons



CSRD

- Defense companies are fully in scope to report about their activities
- Unlawful use or misuse of products by end-users is outside reporting scope as is classified information



MiFID II

- Defense sector treated like any other sector
- Defense investments can be offered to clients with sustainability preferences



EU Taxonomy

- Defense companies can claim Taxonomy-alignment for eligible activities (green buildings, clean transport, etc.)
- Export control DD fulfills minimum safeguards under Article 18



CSDDD

- Defense sector treated like any other sector
- Due diligence obligations do not extend to downstream activities for export-controlled products

3

Market outlook and how
are other actors navigating
the new updates

SFDR 2.0: Early considerations for RE houses looking ahead – combination of options possible

Potential Strategic Roadmap Options for Real Estate Players

Article 7: The "Brown-to-Green" Transition

Supporting Detail
Target 70% transition-aligned assets or use the 15% Taxonomy-alignment shortcut for refurbishment projects.



Capitalizing on Refurbishment Subsidies

Align refurbishment with EPBD and EU grants to satisfy Article 7 transition criteria.



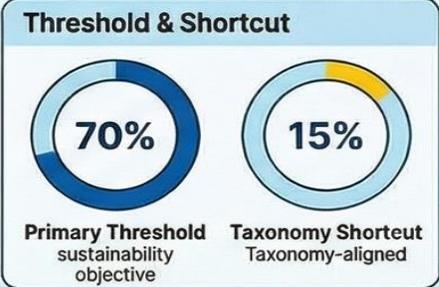
Article 9: High-Ambition Sustainable Assets

Supporting Detail
Reserved for already sustainable properties; requires 70% alignment or 15% Taxonomy-aligned investments.



Meeting the Supply Crunch

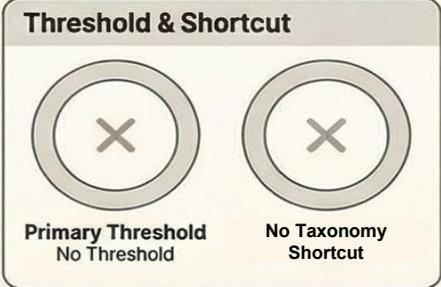
Use clearer SFDR categories to attract demand for housing and sustainable office spaces.



Article 6a: The "Retreat" Option



Supporting Detail
For non-categorized funds; restricts sustainability claims and limits ESG info to <10% of strategy.



SFDR 2.0: Early considerations for PE houses looking ahead – combination of options possible



Option 1: The Transition Path (New Article 7) A new category for funds with a clear, measurable transition objective.



Invests in assets not yet sustainable but on a credible path towards it.



Requires 70% investment alignment, strict exclusions, and PAI disclosure. Principal Adverse impact (PAI) disclosure is mandatory.



- (1) Taxonomy Play (15%)
- (2) Open for any strategies that are improving credibly sustainability outcomes or behaviours at investment or portfolio level

Option 2: The ESG Basic Path (New Article 8) For funds that integrate sustainability factors beyond just risk management.



The likely, but more challenging, destination for many current "light green" Article 8 funds.



Requires 70% investment alignment with an ESG integration strategy. Has baseline exclusions but does not mandate specific PAI disclosure.



Feasibility depends on the fund's methodology and investment pipeline. The bar is higher than the current Article 8, and this category is expected to shrink.

Option 3: The Non-Categorized Path (New Article 6a) An option for funds that do not meet the new category criteria.



Allows limited, voluntary disclosure on how sustainability factors are considered.



Prohibits using "ESG" or related terms in fund names or marketing. Sustainability mentions must be secondary, neutral, and under 10% of the strategy description.



A lower-burden route, but risks being viewed as a "downgrade" by investors. This "green bleaching" could create challenges with investor relations.

SFDR 2.0: Article 7 – Opening new transition strategies for PE’s that were not possible

Case Details

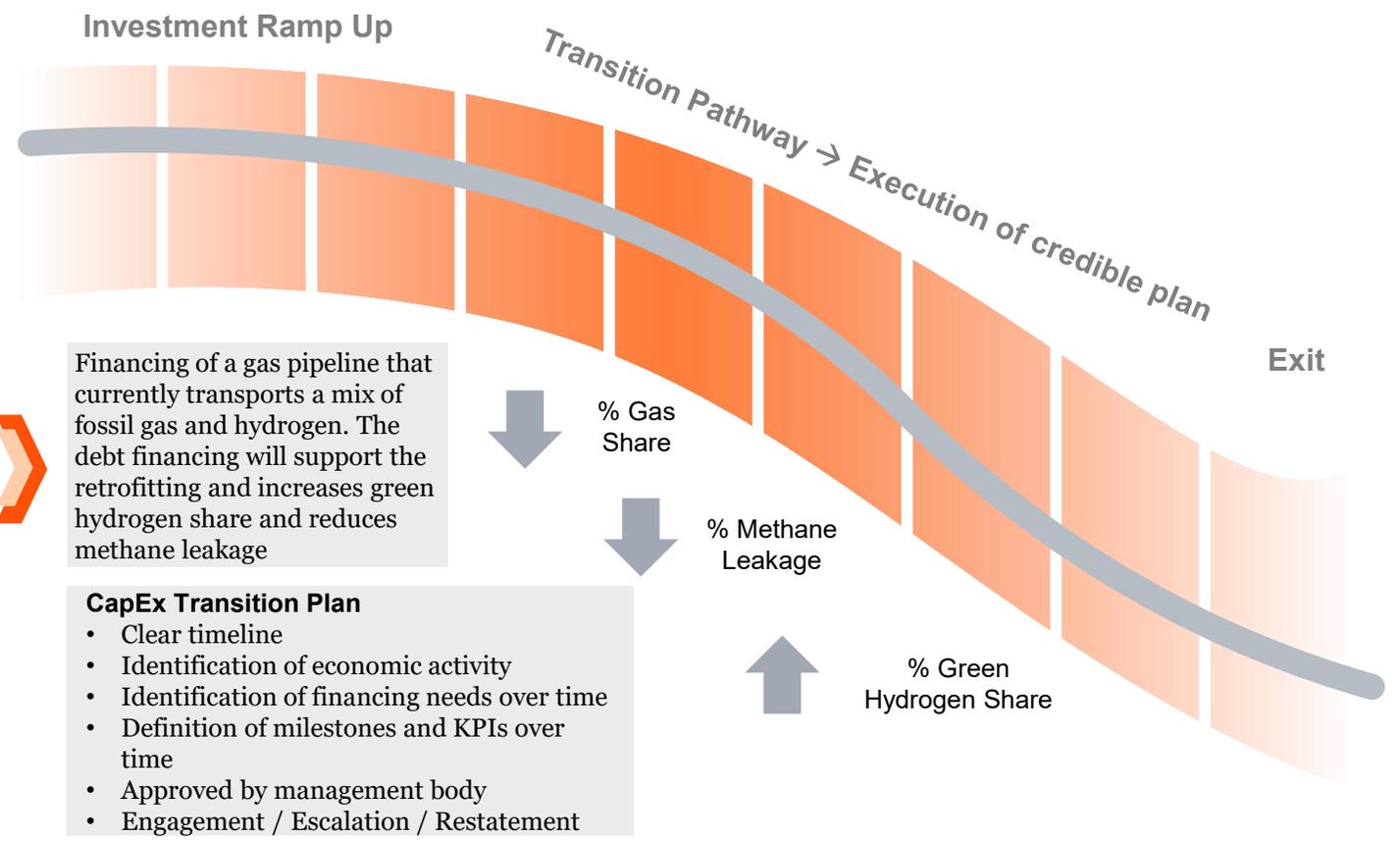
SFDR 2.0

- ✓ Article 7
- Article 8
- Article 9

Description

The Fund’s transition-related objective is to support the decarbonisation of the European infrastructure sector while generating stable long-term income from infrastructure debt. The Fund finances infrastructure assets and platforms in the European Economic Area that (i) directly enable greenhouse-gas emissions reductions or (ii) are on a credible pathway to alignment with the EU’s 2030 and 2050 climate targets.

SFDR 2.0	
1 Objective	Clear and measurable transition objective(s) evidenced by credible sustainability indicator(s)
2 Min. Threshold	70% in Eligible Investments
3 Eligible Investments (share of investments)	%
	Type
4 Exclusions	60% Credible Transition Plan for CO2 reduction (avoided emissions) and methane leakage reduction (Instrument or Portfolio level)
	10% Taxonomy aligned investments
5 PAI	<ul style="list-style-type: none"> PAB exclusions (a-d) No new projects (value chain) - or no phase-out plan - in relation hard coal and lignite, oil & gas fuels Carve out for use of proceeds (if PAB a-d ✓) <p>Application of impact materiality methodology:</p> <ul style="list-style-type: none"> Usual topics will revolve around nature, biodiversity, water, pollution & waste. OECD MNE addressing baseline human rights and supply chain.

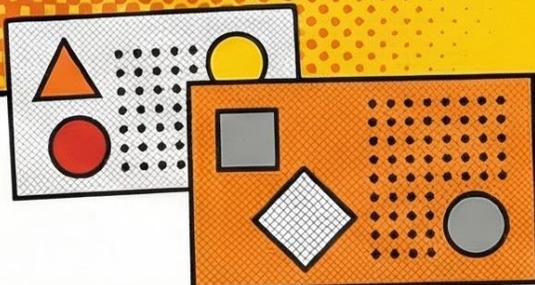


What are available options including timeline in navigating the shift to SFDR 2.0?

4

Recommended setup to move from SFDR 1.0 to 2.0

PHASE 1: STRATEGIC FOUNDATION



FEASIBILITY & MAPPING
Map investable opportunity set between SFDR 1.0 and 2.0 per investment strategy.

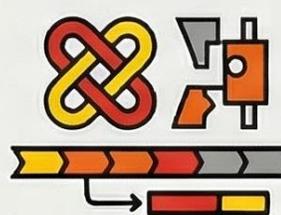


DEFINE AMBITION & "WHERE TO PLAY"
Align ambition with investable universe, peer benchmarks, and investor expectations.



COMMUNICATION STRATEGY
Establish a clear narrative for strategic positioning within the new landscape.

PHASE 2: TACTICAL EXECUTION



PRODUCT TRANSITION & METHODOLOGY
Create phasing timelines and update methodologies to migrate products.

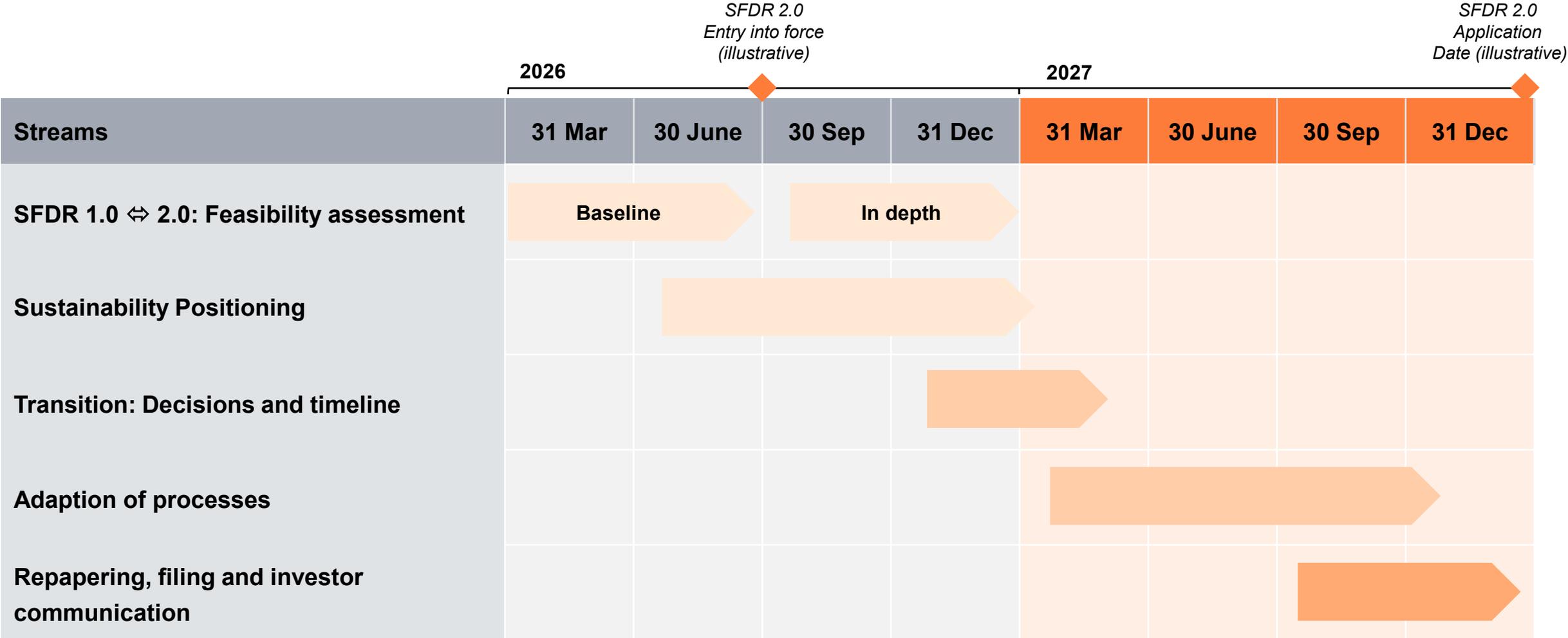


OPERATIONAL RE-DESIGN
Adapt internal processes, controls, and contracts to meet updated regulatory standards.



REPAPERING & FILINGS
Finalize regulatory filings and execute the investor communication plan.

Possible timeline – **Assuming SFDR 2.0** is entering into force on **1 July 2026**



“We have you covered – wherever the journey may take you.”



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