PwC Luxembourg SFDR European Survey reveals asset managers calling for clearer sustainable finance rules

PwC Luxembourg has published its , revealing that Europe's asset managers are asking for simpler, clearer rules as sustainable finance regulation enters a new phase. While this report is concise and covers the main themes, a more detailed report will be shared with the survey respondents, covering additional topics explored in the survey.

Based on responses from 53 management companies across Europe, representing around €3.6 trillion in assets under management, the report highlights how firms are adapting to the proposed SFDR 2.0 framework.

Five key findings

1. **Clearer categories over complex disclosures**

Although the broader context is one of geopolitical tension and strategic realignment, the pressures driving change within the SFDR framework are, first and foremost, coming from the market itself. Even before external factors intensified, the SFDR was already straining under the weight of broad interpretations and competing expectations. Our survey results reinforce this point: many participants indicated that the disclosure?heavy regime no longer provides the clarity they need.

2. **Fund names under closer scrutiny**

New ESMA guidelines on fund names have already had a major impact:

- 68% of firms reviewed part of their product range.
- Over half updated fund names.
- 22% adjusted investment strategies to ensure alignment.

Sustainability terms in fund names must now be backed by measurable evidence, and this link will become even stronger under SFDR 2.0.

3. **Different ways of measuring sustainability impact**

Asset managers currently use a mix of tools to assess whether investments contribute to environmental or social goals, including sustainability indicators, SDG metrics, EU Taxonomy alignment and ESG ratings.

Under SFDR 2.0, firms will need to clearly explain and justify their methods, ensuring stronger transparency and traceability.

4. **Most funds combine environmental and social goals**

More than 80% of Article 8 funds promote both environmental and social characteristics. However, the new framework will require clearer definitions of whether products focus on environmental goals, social goals or both.

5. **ESG data governance becomes critical**

Sustainability data is increasingly complex:

- 86% of firms use multiple ESG data providers.
- Nearly half rely on four or more.

The new rules will require firms to explain where their data comes from and how it supports sustainability claims, especially in sensitive areas such as defence-related investments.

Kenny Panjanaden – PwC Luxembourg Partner, Asset Management, ESG & Sustainable Finance stated:

“Fund managers face a significant challenge over the coming years as they navigate the transition to SFDR 2.0. They must strike a delicate balance between ensuring they continue to meet their original binding commitments under the current framework, while simultaneously preparing for the upcoming changes ahead.

Geoffroy Marcassoli – PwC Luxembourg Partner, EMEA ESG Asset & Wealth Management Leader continued:

Fund Managers would therefore be well advised to begin reviewing their product ranges early, assessing how existing strategies align with the proposed classifications and identifying potential gaps. Early planning, strong internal governance and clear communication with investors will be essential to ensure a smooth transition and avoid last-minute adjustments and the unnecessary scramble that may create operational and managerial challenges”.

A turning point for sustainable finance

The SFDR European Survey shows that sustainable finance is moving beyond disclosure towards clearer product definitions, stronger evidence requirements and better data governance.

For asset managers, early alignment with the upcoming SFDR 2.0 framework will be key to maintaining credibility, reducing compliance risk and remaining competitive in a market demanding greater clarity.

Read the full SFDR European Survey here