By PwC Deutschland | 09.02.2026

AI-powered ESG compliance: Navigating SFDR 2.0 efficiently

Discover how AI?driven compliance tools can streamline the shift to SFDR 2.0 – reducing manual effort, improving data quality, and freeing experts to focus on strategic judgement instead of repetitive checks.

Are you ready for AI-powered compliance? PwC's CEO Survey finds that only 26% of CEOs – and only 16% in Germany – have observed definite cost savings from the use of AI. In this blog, we explore how AI-enabled compliance tools can help shift effort away from repetitive checks to expert judgement and decision-making — using the transition to SFDR 2.0 as a practical example.

For sustainability teams in financial services, compliance remains a resource-intensive challenge. Large volumes of documentation, strict criteria, and the need for consistency across products and time make ESG compliance particularly complex. A key priority for many ESG teams within the asset management sector in 2026 will be adapting to the new product categories introduced by the revised Sustainable Finance Disclosure Regulation (SFDR). This blog post explores how AI can help shift effort away from repetitive tasks towards strategic decision-making and steering.

SFDR 2.0 introduces stricter product categories

With the proposal for the review of the SFDR published by the European Commission in November 2025, providers of sustainable financial products are faced with the task of adapting their products to the new regime. The transition to SFDR 2.0 represents a fundamental shift in regulatory focus. While the original framework largely centered on narrative disclosures of investment approaches and characteristics, the revised approach introduces three distinct categories with specific compliance criteria for sustainable financial products.

- ESG Basics – entry-level sustainability criteria
- Transition – products supporting transition towards sustainability
- Sustainable – products with ambitious sustainability commitments

For asset managers with a large portfolio of sustainable financial products reviewing each investment strategy and aligning disclosures to the new requirements can be cumbersome, particularly as the rules are still in flux while the legislative process is ongoing and criteria may also be subject to change.

Accelerate the review of ESG products against SFDR 2.0 with the help of AI

To support this transition, PwC has integrated the proposed SFDR 2.0 product categories into its Automated Compliance Evaluator. This tool systematically verifies whether documentation is aligned with defined rules – consistently, traceably and at scale. It enables structured reviews of product documentation against customizable requirements, helping organizations assess whether relevant criteria are met, partially met, or not met. By replacing manual, document-by-document checks, the tool delivers repeatable and efficient compliance assessments across large document sets.

The Automated Compliance Evaluator follows a simple three step process:

1. Upload documents
2. Assess against user-defined regulatory criteria

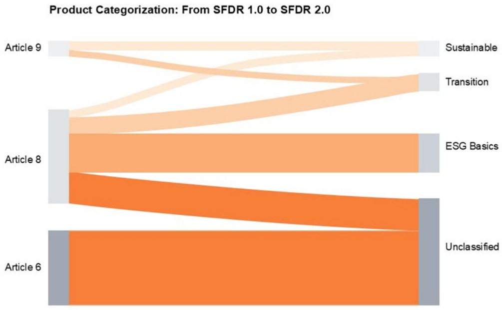
3. View results in a clear dashboard

To assess fund compliance with the proposed SFDR categories, after pre-contractual documents are uploaded the tool determines the most suitable category – ESG basics, Transition or Sustainable – a product might fit into and highlights any gaps that need to be addressed to fully comply with the respective category.

Many ESG funds will need to adjust to qualify as “ESG basics”, “Transition” or “Sustainable”

A sample analysis of 30 ESG funds using the Automated Compliance Evaluator shows:

- **Current Article 9 funds** under SFDR 1.0 are likely to become Sustainable or Transition products.
- **Current Article 8** funds may fall into any of the three categories or even become non-classified.



Furthermore, the analysis shows which of the proposed requirements may necessitate adjustments to investment strategies and associated disclosures:

- Strategy (70% threshold): Many funds already pass this check, particularly when choosing the “ESG basics” category. However, some investment approaches lack clarity on alignment with permissible investments under Articles 7(2), 8(2), and 9(2). These cases require further review.
- Exclusions: Few funds already apply all exclusions expected under the new product categories. If these are maintained in the final rules, most funds will need to apply additional exclusions to qualify for one of the categories.
- PAI Disclosure: This is only relevant for “Transition” and “Sustainable” products. Within the analyzed sample, all funds in these categories already address principal adverse impacts (PAI) today.

Conclusion: Rethinking compliance with AI

The SFDR review is only one of many challenges which sustainability and compliance teams will face in

2026 and beyond. In a world of evolving regulation and limited specialist capacity, AI offers a practical way to manage regulatory complexity at scale, shifting effort from repetitive validation to expert judgement.

Organizations that embrace AI-driven compliance now will not only meet regulatory demands but also free up resources for higher-value activities such as expert analysis and informed decision-making. The time to act is now.

Also relevant:

- Die Europäische Kommission legt überarbeitete Sustainable Finance Disclosure Regulation (SFDR) vor
- Streamline Your Compliance with our ESG Compliance AI Check
- 29. Global CEO Survey von PwC

Get ongoing updates on the topic via regulatory horizon scanning in our research application, PwC Plus. Read more about the opportunities and offerings here.

To further PwC Blogs

Keywords

Artificial Intelligence (AI), Compliance, ESG, EU SF Disclosure Regulation (SFDR), Sustainable Finance (SF), Sustainable Innovation

Contact

Martin Weirich

Frankfurt am Main

martin.weirich@pwc.com